75 P

MONTANA LEGISLATIVE HISTORY

Chapter 495 1997

Bill H _____ S 44 Original bill & history ✓ C

H. Committee on Judiciary		S. Committee on Judiciary	
Hearing Date(s) _____	___C	Hearing Date(s) _____	___C
3/5	✓C	4/15	✓C
_____	___C	_____	___C
3/6	✓C	_____	___C
Date Out 3/14	✓C	4/17	✓

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

Conf. comm. 4/15, 4/17

1997 LEGISLATIVE HISTORY

The 1997 Montana Legislature has dramatically changed the nature of the legislative minutes. Specifically, the minutes from House committees are extremely sparse in content, offering no substantive information from which to glean legislative intent. The Senate committees' minutes are somewhat fuller in content. Exhibits available from the State Law Library (which may include written statements, attendant information, roll call votes, roll call attendance, a list of public members present, specific action taken on legislative bills, etc.) are included with this request. For information on other exhibits, contact the Montana Historical Society Archives at 444-4774. Exhibits may also be purchased on a CD-ROM from the Montana Legislative Council (444-3064).

Just as in the 1995 legislative session, the House and Senate hearings were recorded. The Historical Society is the depository for the tapes. For information on accessing the tapes, call the archives at 444-4774.

If you have concerns over the format of the 1997 legislative minutes, it is suggested that you contact your state legislators.

1/03	REFERRED TO STATE ADMINISTRATION		
1/06	FIRST READING		
1/09	HEARING		
1/09	FISCAL NOTE RECEIVED		
1/11	FISCAL NOTE PRINTED		
1/24	COMMITTEE REPORT—BILL PASSED AS AMENDED		
1/27	2ND READING PASSED	46	3
1/28	3RD READING PASSED	47	2
	TRANSMITTED TO HOUSE		
1/29	FIRST READING		
1/29	REFERRED TO FISH, WILDLIFE & PARKS		
3/04	HEARING		
3/13	COMMITTEE REPORT—BILL CONCURRED		
3/22	2ND READING CONCURRED	63	31
3/24	3RD READING CONCURRED	66	32
	RETURNED TO SENATE		
3/27	SIGNED BY PRESIDENT		
3/27	SIGNED BY SPEAKER		
3/27	TRANSMITTED TO GOVERNOR		
4/01	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 184		
	EFFECTIVE DATE: 04/01/97		

SB 43 INTRODUCED BY HOLDEN *LC0494 DRAFTER: STERNBERG*

REQUIRE THAT OCCUPANTS OF ADJOINING LAND BUILD AND MAINTAIN PARTITION FENCES IN EQUAL SHARES

12/24	INTRODUCED		
1/03	REFERRED TO AGRICULTURE, LIVESTOCK & IRRIGATION		
1/06	FIRST READING		
1/10	HEARING		
1/20	TABLED IN COMMITTEE		
3/03	MISSED DEADLINE FOR 45TH DAY TRANSMITTAL		
	DIED IN COMMITTEE		

SB 44 INTRODUCED BY HOLDEN *LC0584 DRAFTER: CAMPBELL*

CLARIFY AND LIMIT A MOTOR VEHICLE LIABILITY INSURER'S LIABILITY UNDER A POLICY

12/24	INTRODUCED		
1/03	REFERRED TO BUSINESS & INDUSTRY		
1/06	FIRST READING		
1/09	REREFERRED TO JUDICIARY		
1/15	HEARING		
1/21	COMMITTEE REPORT—BILL PASSED		
1/22	2ND READING PASSED	42	8
1/23	3RD READING PASSED	43	6
	TRANSMITTED TO HOUSE		
1/24	FIRST READING		
1/24	REFERRED TO JUDICIARY		
3/05	HEARING		
3/06	TABLED IN COMMITTEE		
3/14	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/03	2ND READING CONCURRED	67	30
4/04	3RD READING CONCURRED	64	35
	RETURNED TO SENATE WITH AMENDMENTS		
4/08	2ND READING AMENDMENTS NOT CONCURRED	29	21
4/09	CONFERENCE COMMITTEE APPOINTED		
4/15	HEARING		

4/16	CONFERENCE COMMITTEE REPORT NO. 1		
4/17	2ND READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	32	16
4/17	CONFERENCE COMMITTEE DISSOLVED		
4/17	FREE CONFERENCE COMMITTEE APPOINTED		
4/17	HEARING		
4/17	FREE CONFERENCE COMMITTEE REPORT NO. 2		
4/18	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 2 ADOPTED	42	0
4/19	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 2 ADOPTED	38	9
	HOUSE		
4/10	CONFERENCE COMMITTEE APPOINTED		
4/16	CONFERENCE COMMITTEE REPORT NO. 1		
4/17	MOTION TO ADOPT CONFERENCE COMMITTEE REPORT NO. 1 ON 2ND READING FAILED	31	69
4/17	CONFERENCE COMMITTEE DISSOLVED		
4/17	FREE CONFERENCE COMMITTEE APPOINTED		
4/18	FREE CONFERENCE COMMITTEE REPORT NO. 2		
4/19	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 2 ADOPTED	94	3
4/19	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 2 ADOPTED	91	6
4/24	SIGNED BY PRESIDENT		
4/24	SIGNED BY SPEAKER		
4/24	TRANSMITTED TO GOVERNOR		
5/02	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 495		
	EFFECTIVE DATE: 05/02/97		

SB 45 INTRODUCED BY HOLDEN *LC0047 DRAFTER: PETESCH*

REVISE THE LAWS GOVERNING CONTRACTORS AND CONTRACTOR REGISTRATION

12/24	INTRODUCED		
12/30	FISCAL NOTE REQUESTED		
1/03	REFERRED TO LABOR & EMPLOYMENT RELATIONS		
1/06	FIRST READING		
1/09	HEARING		
1/10	FISCAL NOTE RECEIVED		
1/11	FISCAL NOTE PRINTED		
1/30	HEARING		
2/07	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/07	REVISED FISCAL NOTE REQUESTED		
2/13	REVISED FISCAL NOTE RECEIVED		
2/13	REVISED FISCAL NOTE PRINTED		
2/17	2ND READING PASSED AS AMENDED	33	17
2/18	3RD READING PASSED	37	13
	TRANSMITTED TO HOUSE		
2/21	FIRST READING		
2/21	REFERRED TO BUSINESS & LABOR		
3/06	MOTION FAILED TO REREFER TO JUDICIARY	47	51
3/11	HEARING		
3/12	TABLED IN COMMITTEE		
	DIED IN COMMITTEE		

SENATE BILL NO. 44

INTRODUCED BY HOLDEN

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING AND LIMITING A MOTOR VEHICLE LIABILITY INSURER'S LIABILITY UNDER A POLICY; AMENDING SECTIONS 33-23-203 AND 33-23-204, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-23-203, MCA, is amended to read:

"**33-23-203. Limitation of liability under motor vehicle liability policy.** (1) Unless a motor vehicle liability policy specifically provides otherwise, the limits of insurance coverage available under ~~any such~~ each part of the policy~~, including the limits of liability under uninsured motorist coverage,~~ must be determined as follows, regardless of the number of motor vehicles insured under the policy, the number of policies issued by the same company covering the insured, or the number of separate premiums paid:

(a) the ~~limit~~ limits of insurance ~~coverage~~ coverages available for any one accident ~~is~~ are the ~~limit~~ limits specified for each coverage available under the policy insuring the motor vehicle involved in the accident;

(b) if ~~no~~ the motor vehicle ~~insured under the policy is~~ involved in the accident is not insured under a policy, the ~~limit~~ limits of the insurance ~~coverage~~ coverages available for any one accident ~~is~~ are the highest ~~limit~~ limits of ~~coverage~~ the coverages specified under one policy for ~~any~~ one motor vehicle insured under ~~the~~ that policy; and

(c) the limits of ~~coverage~~ the coverages specified under one policy or under more than one policy issued by the same company ~~for each motor vehicle insured under the policy~~ may not be added together to determine the ~~limit~~ limits of insurance ~~coverage~~ coverages available under the policy or policies for any one accident.

(2) A motor vehicle liability policy may also provide for other reasonable limitations, exclusions, or reductions of coverage ~~which~~ that are designed to prevent duplicate payments for the same element of loss or to prevent the adding together of insurance coverage limits in one policy or from more than one policy issued by the same company.

(3) Nothing in this section is intended to create coverage for a motor vehicle that would otherwise be uninsured."

Section 2. Section 33-23-204, MCA, is amended to read:

"**33-23-204. Definitions.** As used in this part, the following definitions apply:

(1) "Motor vehicle" means ~~every~~ a vehicle propelled by its own power and designed primarily to transport persons or property upon the highways of the state. The term does not include a bicycle as defined in 61-1-123.

(2) "Motor vehicle liability policy" means ~~any~~ a policy of automobile or motor vehicle insurance against liability ~~now or hereafter~~ required under Title 61, chapter 6, parts 1 and 3, and all additional coverages included in or added to the policy by rider, endorsement, or otherwise, whether or not required under Title 61, including, without limitation, uninsured, underinsured, and medical payment coverages.

NEW SECTION. **Section 3. Applicability.** [This act] applies to all motor vehicle liability policies issued or renewed after [the effective date of this act].

NEW SECTION. **Section 4. Effective date.** [This act] is effective on passage and approval.

-END-

MINUTES

MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON JUDICIARY

Call to Order: By **CHAIRMAN BRUCE D. CRIPPEN**, on January 15, 1997, at 10:00 a.m., in the Senate Judiciary Chambers, Room 325, of the State Capitol, Helena, MT.

ROLL CALL

Members Present:
Sen. Bruce D. Crippen, Chairman (R)
Sen. Lorents Grosfield, Vice Chairman (R)
Sen. Al Bishop (R)
Sen. Sue Bartlett (D)
Sen. Steve Doherty (D)
Sen. Sharon Estrada (R)
Sen. Mike Halligan (D)
Sen. Ric Holden (R)
Sen. Reiny Jabs (R)
Sen. Walter L. McNutt (R)

Members Excused: None

Members Absent: None

Staff Present: Valencia Lane, Legislative Services Division
Jody Bird, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: SB 44, posted January 9, 1997
SB 135, posted January 8, 1997

Executive Action: SB 6, SB 16, SB 103, SB 135

HEARING ON SB 135

SENATOR AL BISHOP acted as Chairman during the hearing on SB 135.

Sponsor: **SENATOR BRUCE D. CRIPPEN, SD 10, Billings**

Proponents: None

Opponents: **Russell Hill, Montana Trial Lawyers Association**

Opening Statement by Sponsor: **SENATOR BRUCE D. CRIPPEN, SD 10, Billings.** This is a Code Commissioner bill eliminating special notice of arbitration provision required for contracts, having an immediate effective date. Language has been stricken on page 2, lines 2-4. Page 1, lines 8-10, state that notice is not necessary. These changes were recommended by Legislative Services.

Opponents' Testimony: **Russell Hill, Montana Trial Lawyers Association (MTLA).** There is a distinction between whether Federal law in certain circumstances preempts Montana law. Montanans need to understand the significance of what they're signing.

Questions From Committee Members and Responses: **SENATOR STEVE DOHERTY.** Was the ruling on page 1, lines 8-9, a securities case, or did the U.S. Supreme Court strike this entire section as it applies in Montana law? **SENATOR CRIPPEN.** I haven't looked at 27-5-114(4),MCA, so I don't know if it has general application, but the opinion was that it would apply in all cases.

SENATOR DOHERTY. If there is any wiggle room in this decision, would it be your interest to limit this to the findings in Doctor's Associations, Inc. v Casarotto or to apply it generally. **SENATOR CRIPPEN.** I may want to take a look at this, but I don't see a problem with having notice eliminated.

SENATOR DOHERTY. Are you willing to read this section of law? **SENATOR CRIPPEN.** During **SENATOR HOLDEN**'s bill hearing the Code Commissioner staff will be present, and we can ask them.

Closing by Sponsor: None

HEARING ON SB 44

Sponsor: **SENATOR RIC HOLDEN, SD 1, Glendive**

Proponents: **Roger McGlenn, Executive Director, Independent Insurance Agents**
Robert Phillips, Missoula Attorney
Jacqueline Lenmark, American Insurance Association
Ron Ashabraner, State Farm Insurance Companies
Dwight Eastman, Farmers Insurance Group Companies
Lorna Frank-Karn, Montana Farm Bureau and Mountain West Insurance Company

Opponents: **Russell Hill, Montana Trial Lawyers Association**
Tom Bolin, Attorney, Great Falls, and member of MTLA

Opening Statement by Sponsor: **SENATOR RIC HOLDEN, SD 1, Glendive.** The bill is designed to clarify auto liability limits and how they apply across Montana. Sections 33-23-203 and 204, MCA, are currently confusing to the public, to attorneys, insurers, and the courts. "Coverage" is stricken, and "coverages" inserted to

cover all types of policies. A Supreme Court decision from Justice Karla Gray states current statutes don't mesh well under any analysis. The bill has an immediate effective date, and applicability date.

Proponents' Testimony: Roger McGlenn, Executive Director, Independent Insurance Agents. HB 284, passed in 1981, was codified at 33-23-204, MCA. SB 66 was passed in 1983 to remedy the earlier bill. SB 44 is the latest remedy to stacking coverages. I believe the intent is clear, and ask that the Committee give the bill a do pass recommendation.

Robert Phillips, Missoula Attorney. I represent insurance companies in auto accident cases. I tracked Montana litigation in state and federal courts in Montana. There was a recent decision re **Farmers Alliance v Coleman** at the end of 1996. In 1979, the Montana Supreme Court decided Chaffee, however, the Montana Legislative, in 1981, effectively reversed the Chaffee decision.

The Supreme Court has limited 33-23-203, MCA, every time, and has held that it didn't apply retroactively (1985), and that it doesn't apply to inter-policy stacking. SB 44 will solve that problem, as the Courts held that the statute didn't apply to underinsured motorist coverage, and that stacking, therefore, did not apply. The Supreme Court recently decided stacking does not apply to medical insurance coverage.

The policy language of insurance policies would prohibit this kind of stacking now. There is no theoretical difference between inter- or intra-policy stacking. In Bennett (1989), if more than one premium is paid, there should be more than one coverage stacked, i.e., one coverage for each risk.

The drafting of SB 44 is well done, and is a good idea. I urge the Committee to support the bill.

Jacqueline Lenmark, American Insurance Association (approximately 250 insurers). The bill solves problems for our clients and we urge a do pass recommendation.

Ron Ashabraner, State Farm Insurance Companies. I have two observations: 1) premiums are based on loss experience; 2) multiple vehicle owners will benefit, and single vehicle owners will pay more. It is estimated that 10-15 percent of vehicles are uninsured, and another 15-40 percent are underinsured. I believe the bill will control the cost of premiums in Montana.

Dwight Eastman, Farmers Insurance Group Companies, (96,000 insureds). In the Pocatello, ID region, premiums are one-third less than in Montana, as those states don't have stacking. Rates could be increased to cover exposure, but I would rather have lower rates without stacking. I ask that the Committee give SB 44 a do pass recommendation.

Lorna Frank-Karn, Montana Farm Bureau and Mountain West Insurance Company, (formed in the 1960s). I ask that the Committee support SB 44.

Joe Lawther, Farmers Insurance Group (Independent Contractors), Billings. I hope the Committee will support SB 44 to see coverage become more affordable and, thus, prevent increases in uninsured motorist coverages.

{Tape: 1; Side: A; Approx. Time Count: 30.3, 10:30 a.m.; Comments: None.}

Opponents' Testimony: **Russell Hill, Montana Trial Lawyers Association (MTLA), (EXHIBIT #1).** The bill doesn't say the Legislature can't do this. It is important to correct the impression that the Supreme Court has, over the past fifteen years, defied the intent of the Legislature and created confusion.

In 1982, distinctions were important. The insurance industry has refused to acknowledge the concerns of the Legislature over stacking. Statements that insurance premiums should reflect risk, and that insurance premiums should reflect payout, are actually two different things.

It is easier to change Montana law than for insurance companies to change their own forms and procedures [already allowed by Montana law]. Additional coverage may be on other drivers, but not for the policy owner. When people get hurt, medical bills must be paid. If they have underinsured coverage, that can pay, or medical insurance can pay, or the state or federal government can pay.

{Tape: 1; Side: A; Approx. Time Count: 34.4, 10:39 a.m.; Comments: None..}

Russell Hill, Montana Trial Lawyers Association (MTLA), (EXHIBIT #2). The bill doesn't say the Legislature can't do this. It is important to correct the impression that the Supreme Court has, over the past fifteen years, defied the intent of the Legislature and created confusion.

In 1982, distinctions were important. The insurance industry has refused to acknowledge the concerns of the Legislature over stacking. Statements that insurance premiums should reflect risk, and that insurance premiums should reflect payout, are actually two different things.

It is easier to change Montana law than for insurance companies to change their own forms and procedures [already allowed by Montana law]. Additional coverage may be on other drivers, but not for the policy owner. When people get hurt, medical bills must be paid. If they have underinsured coverage, that can pay,

or medical insurance can pay, or the state or federal government can pay.

I've been in Montana for thirty years. I didn't see continuing expansion of these coverages. As stacking began, I felt we could ride with the tide, but now the tide is out. A number of insureds have cancelled underinsured and uninsured motorist coverage lately because they can't afford it. I believe these costs will get higher if SB 44 doesn't pass.

Uninsured coverage is mandated coverage. Underinsured is not mandated, and the insured signs a waiver when he or she declines this coverage. It is a contractual issue, the insured's decision or a third party decision.

Tom Bolin, Attorney, Great Falls, and member of MTLA. A disproportionate number of accidents in Montana involved uninsured motorists at no benefit to the Montana consumer. I urge rejection of this bill.

{Tape: 1; Side: B; Approx. Time Count: 00, 10:44 a.m.; Comments: None.}

Questions From Committee Members and Responses: **SENATOR RANEY JABS:** Why are premiums going up rapidly, and how will they decrease? **Jacqueline Lenmark** deferred to Mr. Ashabraner of State Farm Insurance. **Ron Ashabraner.** Premiums are based on loss exposure. Premiums for underinsured and uninsured the past few years have been relatively consistent the past few years. State Farm was one of the first companies in Montana to offer uninsured coverage, but has experienced millions of dollars in losses because of this decision.

SENATOR STEVE DOHERTY. Which can't be stacked, underinsured or uninsured? **Robert Phillips.** There has been no case yet, but the Supreme Court said the recent case of Holman in which a Billings Federal Court ruled on stacking of uninsured coverage, would probably be reversed.

SENATOR DOHERTY. I would like a Supreme Court that doesn't legislate. If implemented retroactively, would that be legislative? I disagree with the Supreme Court in Holman concerning stacking. Do you have studies available? **Dwight Eastman.** I will get this information together and provide it to you in a couple of days.

SENATOR DOHERTY. I want information on Montana, Idaho, Wyoming, North and South Dakota and the percent of difference. **Dwight Eastman.** I could get Utah statistics.

SENATOR DOHERTY. I want this information for the same coverages, and for it to show how you can be sure the difference are due to stacking in Montana. **Dwight Eastman.** I believe I said the cost

per claim is higher in Montana, and not the cost per insured. I would need to clarify exact figures for the Committee.

SENATOR DOHERTY. I want to know if Montanans are paying more or less, and how the factors work. Who drafted SB 44? **Robert Phillips.** I don't know, but it is well drafted.

SENATOR SUE BARTLETT. Would you please explain to me what happens with stacking? **Robert Phillips.** Using the example of uninsured motorist coverage on two cars, if stacked they would also be able to collect on the second car sitting at home in the garage, on which they have been paying a separate premium.

SENATOR BARTLETT. Is this the rationale the Supreme Court used regarding people claiming for more than one vehicle in this instance? **Robert Phillips.** There is no legal restriction on stacking. The Supreme Court believes if one is paying a separate premium, he or she should be able to collect on the separate coverages, i.e., that separate coverage should be available for separate premiums paid. What we are talking about is someone with $500,000 in, and only $125,000 in coverage, in which instance they can stack the coverages to obtain more to help meet the expenses.

{Tape: 1; Side: B; Approx. Time Count: 15.0; Comments: None.}

John Morrison, Helena attorney. There is also medical pay coverage for involvement in accidents which are not the insured's fault. If the insured can stack $5000 each on 2 cars for medical costs, he or she can then meet costs $10,000. If either policy covers the insured or other drivers, the insurance follows the driver. So, if an insured has two separate premiums on two separate vehicles, and is in the just described situation, the insurance should follow the driver.

SENATOR LORENTS GROSFIELD. I am asking about cost-shifting. Is as simple as this and, if so, why isn't BCBS opposing this bill? **Jacqueline Lenmark.** The example given is not an accurate reflection on the situation. It is not a given that costs would shift if stacking is not allowed. I believe the bill was drafted by Peter Haubein of the Crowley firm in Billings, but am not certain.

{Tape: 1; Side: B; Approx. Time Count: 19.0, 11:05 a.m.; Comments: None.}

SENATOR GROSFIELD. I agree with Ms. Lenmark's response. **Ron Ashabraner.** I haven't seen uninsured motorist coverage go up much in twenty years. We are a mutual company and have seen a return to policy-holders of 17-18 percent. I would anticipate a return premium through dividends, but if this is done too often, we would probably see premiums come down instead. These premiums have nothing to do with the type of vehicle one drives.

{Tape: 1; Side B; Approx. Time Count: 21.6, 11:08 a.m.; Comments: None.}

SENATOR DOHERTY. Could you comment on Mr. Hill's statement that insurance company could already prohibit stacking in Montana if they change their forms? **Robert Phillips.** If statute doesn't cover this situation, some think they could go back to pre-statute law, and the Supreme Court specifically said it is not ruling on that issue now.

{Tape: 1; Side: B; Approx. Time Count: 25.8; Comments: None.}

SENATOR BARTLETT. What about coverage extended and stacked? **Ron Ashabraner.** Under uninsured coverage anyone who is a resident of the household has coverage in any insured or an uninsured vehicle, or as a pedestrian, as well as anyone driving that auto. This thing is pyramiding. Under uninsured coverage, that extends to members of the household and users of its vehicles. Most payment is made for pain and suffering to the injured, and to the trial attorneys.

SENATOR JABS. Most people think they need both underinsured and liability coverage.

CHAIRMAN CRIPPEN. In the Chaffee decision, if the insured had an internal policy and $1 Million liability coverage paid as a separate premium on each vehicle, and is involved in an auto accident and is injured, would you, as a trial lawyer, agree that coverage could be $2 million (the total for each vehicle covered)? **Russell Hill.** I don't think so.

{Tape: 1; Side: B; Approx. Time Count: 31; Comments: None.}

CHAIRMAN CRIPPEN. We didn't have this section of law in 1979. What if medical is not restricted to car A or car B, and the insured didn't have underinsured motorist coverage, but had some uninsured motorist coverage? **Russell Hill.** I can't answer as specifically as you would like.

CHAIRMAN CRIPPEN. Coming from 1981 in the example I gave, did the State make it a matter of public policy that you could not stack car A & car B liability coverage? **Russell Hill.** My gut instinct is yes.

CHAIRMAN CRIPPEN. This an issue of clarifying the intent of the 1981 Legislature, and not one of stacking. We had only liability, medical, and uninsured coverage then. **Robert Phillips.** The 1981 Legislature said limits under any one policy with regard to liability can't be stacked, so I believe the Chairman is absolutely right.

CHAIRMAN CRIPPEN. Underinsured coverage is a liability coverage? **Robert Phillips.** Yes.

{Tape: 2; Side: A; Approx. Time Count: 00.; Comments: None.}

CHAIRMAN CRIPPEN. Then what about the person who is liable? Are they then allowed underinsured coverage to the maximum available? **Robert Phillips.** That is correct, if it is all tied to payment of the premium.

CHAIRMAN CRIPPEN. If there were a third vehicle covered, with $25,000 medical, would stacking be $75,000. **Russell Hill.** I am absolutely willing to say this committee has the ability to declare its intent.

CHAIRMAN CRIPPEN. Would you look at the premiums on three separate vehicles and want to stack them, as a trial lawyer? or as an insured? **Russell Hill.** I don't believe that kind of argument would succeed. I believe the Supreme Court has always acceded to the needs of the public.

Closing by Sponsor: **SENATOR HOLDEN. (EXHIBITS #2, #3).** Certain people can't afford these rising insurance costs. This is an opportunity to actually decrease premiums.

EXECUTIVE ACTION ON SB 135

Motion: **VICE CHAIRMAN GROSFIELD MADE A MOTION THAT SB 135 DO PASS.**

Discussion: **SENATOR DOHERTY.** I don't see how you could get federal notice for Montana consumers, and so I'm going to support the bill.

Vote: **VICE CHAIRMAN GROSFIELD'S MOTION CARRIED CARRIED UNANIMOUSLY.**

EXECUTIVE ACTION ON SB 6

Amendments: **SENATOR HALLIGAN's amendments.**

Motion/Vote: **SENATOR DOHERTY MADE A MOTION TO ADOPT SENATOR HALLIGAN'S AMENDMENTS TO SB 6. THE MOTION CARRIED 10-0.**

Motion: **SENATOR DOHERTY MADE A MOTION THAT SB 6 DO PASS AS AMENDED. THE MOTION CARRIED UNANIMOUSLY.**

EXECUTIVE ACTION ON SB 16

Motion: **SENATOR DOHERTY MADE A MOTION THAT SB 16 DO PASS.**

Discussion: **SENATOR BISHOP** had questions for **SENATOR HALLIGAN,** who was not present to answer. **SENATOR DOHERTY withdrew his motion.**

No further action was taken on SB 16 this date.

MINUTES

MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON JUDICIARY

Call to Order: By **CHAIRMAN BRUCE D. CRIPPEN**, on January 17, 1997, at 10:00 a.m., in Room 410, of the State Capitol, Helena, Montana.

ROLL CALL

Members Present:
Sen. Bruce D. Crippen, Chairman (R)
Sen. Lorents Grosfield, Vice Chairman (R)
Sen. Al Bishop (R)
Sen. Sue Bartlett (D)
Sen. Steve Doherty (D)
Sen. Sharon Estrada (R)
Sen. Mike Halligan (D)
Sen. Ric Holden (R)
Sen. Reiny Jabs (R)
Sen. Walter L. McNutt (R)

Members Excused: None

Members Absent: None

Staff Present: Valencia Lane, Legislative Services Division
Jody Bird, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: SB 142, SB 143, SB 145 posted January 9, 1997

Executive Action: SB 32, SB 44, SB 46, SB 142, SB 145

HEARING ON SB 142

Sponsor: **SENATOR REINY JABS, SD 3, Hardin.**

Proponents: None

Opponents: None

Opening Statement by Sponsor: **SENATOR REINY JABS, SD 3, Hardin.** SB 142 clarifies the process when a defendant appeals revocation

EXECUTIVE ACTION ON SB 142

Amendments: Valencia Lane explained the amendments. I asked the attorneys on the Committee to look at page 1, line 27. Ought this to grant trial *de novo* appeals from both justice and city court. I talked with John Connor of the Department of Justice this morning, and he agreed. 36-110 governs municipalities (this would apply to Missoula only) and city courts. **(EXHIBIT #2a)**

{Tape: 1; Side: B; Approx. Time Count: #21.4; Comments: None.}

SENATOR BARTLETT. The District Court said a revocations hearing is not a trial. The Supreme Court said no, that's wrong (lines 19-20). This bill rewrites statute to make it very clear that it is a trial *de novo* in justice court.

Motion/Vote: **SENATOR JABS** moved to amend page 1, line 27, following "court" by inserting "or city court". **The motion CARRIED UNANIMOUSLY.**

Motion/Vote: **SENATOR JABS MADE A MOTION THAT HB 142 DO PASS AS AMENDED. THE MOTION CARRIED UNANIMOUSLY.**

EXECUTIVE ACTION ON SB 44

Amendments: Farmers Insurance Group amendments

Motion: **SENATOR HOLDEN MADE A MOTION THAT SB 44 DO PASS.**

{Tape: 1; Side: B; Approx. Time Count: #33.; Comments: None.}

Discussion: **Ward Shanahan** presented proposed amendments to SB 44 from Farmer's Insurance Group, along with group cost statistics on uninsured motorist coverage requested at the hearing. **EXHIBITS #3, #4). SENATOR HALLIGAN.** What are "FZE" and "MCA" codes on the example? **Ward Shanahan.** I'm not able to answer that.

Valencia Lane. I spoke to both proponents and opponents for a one page explanation of the bill, i.e., what the law is now and what the bill will do.

SENATOR GROSFIELD. I believe the bill is trying to clarify language, but page 1 seemed to be confusing, so I read the Code book. Page 1, lines 21-23 said "may not be added together", and so it seems to me the law is fairly straight forward".

If we forget what the Legislature meant in the past, and consider what is relevant now, we will have a bigger advantage if people have more than one carrier. I believe SB 44 is a good bill, and will support it.

{Tape: 2; Side: A; Approx. Time Count: #3.1; Comments: None.}

SENATOR HALLIGAN. Does it prohibit underinsuring in every case, and uninsured stacking in every case? **SENATOR HOLDEN.** I will make "coverage" plural to include all three aspects, and to clarify language which may have confused the Court before. **Ward Shanahan.** In Farmers Alliance v. Holman, which was referred to the Montana Supreme Court by the U.S. District Court for interpretation, they said insureds can stack all others covered in recovery, based on the coverage on the vehicle involved in the accident.

{Tape: 2; Side: A; Approx. Time Count: #4.8; Comments: None.}

SENATOR HALLIGAN. I don't believe the public understands the differentiations. I believe there needs to be a specific spot on an insurance policy where the owner signs to acknowledge understanding of specifics of coverage. **SENATOR HOLDEN.** State Farm and Farmers Insurance specifically identify coverage on the face of the policy. Some companies lump these under liability headings. I brought this to the attention of corporate headquarters of my company in Los Angeles.

{Tape: 2; Side: A; Approx. Time Count: #7.1; Comments: None.}

SENATOR BARTLETT. You said uninsured coverage applies to residents of the household in any vehicle, and as a pedestrian? **Ron Ashabraner.** Uninsured coverage in the policy provides protection. As an illustration, if the wife, as a resident member of that household, crosses the street and is struck by an uninsured motorist, she can pick the vehicle with the highest coverage to draw from. **Ward Shanahan.** The purpose of offering the amendments was to take care of the hole where an insured is driving a car that isn't insured.

SENATOR HALLIGAN. I would like for people to speak with an insurance representative so that when people review their policy, they understand they can't stack **(EXHIBITS #5, #6). SENATOR ESTRADA.** I agree with **SENATOR HALLIGAN.**

{Tape: 2; Side: A; Approx. Time Count: #12.9; Comments: None.}

Vote: **SENATOR HOLDEN'S MOTION** that **SB 44 DO PASS CARRIED** with all members voting aye, except **SENATORS BARTLETT, ESTRADA AND HALLIGAN. SENATOR DOHERTY** was excused and did not leave a vote.

EXECUTIVE ACTION ON SB 46

Amendments: Department of Justice and committee amendments **(EXHIBITS #7 and #8)**

Motion/Vote: **SENATOR HALLIGAN MADE A MOTION THAT THE DEPARTMENT OF JUSTICE AMENDMENTS BE ADOPTED. THE MOTION CARRIED UNANIMOUSLY.**

{Tape:2; Side: A; Approx. Time Count: #15.8; Comments: None.}

SENATE JUDICIARY COMMITTEE
EXHIBIT NO. #3
DATE 1-17-97
BILL NO. SB 14
SB 44
1-17-97
Ex

FARMERS' INSURANCE GROUP COST STATISTICS ON UNINSURED MOTORIST COVERAGE

The following are the Farmers' uninsured rates for Idaho and Utah:

Idaho uninsured 25/50 Territory 09 (Boise)

12-1-95/$5.70 6-1-94/$4.40 6-1-93/$5.50

Utah uninsured 25/50 Territory 04 (Salt Lake City)

10-1-95/$14.80 3-1-94/$14.80 1-3-93/$14.80

Average Uninsured claims cost by year -- Idaho

	Jan-Sept 96	1995	1994	1993	1992
FZE	$11,299	$14,437	$14,633	$10,048	$12,947
MCA	$ 9,363	$10,792	$12,603	$ 7,633	$11,881

Average Uninsured claims cost by year -- Utah

	Jan-Sept 96	1995	1994	1993	1992
FZE	$16,030	$16,885	$16,885	$18,502	$20,324
MCA	$ 8,779	$13,034	$11,644	$10,992	$ 7,010

The following are the average uninsured claims cost by year for Montana (FZE and MCA) -- 93-95 + 45.8%:

	Jan-Sept 96	1995	1994	1993	1992
FZE	$17,235	$18,988	$13,174	$13,019	$15,292
MCA	$ 6,394	$13,866	$ 9,410	$15,460	$10,949

The following are our freguency figures for Montana uninsured by Company:

	3rd Qtr 96	1995	1994	1993	1992	1991
FZE	.325	.299	.178	.215	.204	.195
MCA	.738	.441	.500	.518	.464	.336

The following are out 25/50 uninsured rates for Territory 02 (Helena):

6-1-91	$ 4.00
4-1-92	$ 5.50
6-1-93	$ 8.30
6-1-94	$12.00
6-1-95	$12.00
6-1-96	$12.00

I have also chased down August cost of uninsured claims in: (11/96)

Wyoming	$3,524
South Dakota	$5,802
North Dakota	$8,318

Average Cost of Claim Uninsured Motorist:

Wyoming

	Claims Cost	Premium	(25/50)
11/96	$ 3,524	$ 7.00	
1995	$ 2,282	$ 6.30	
1994	$12,650	$ 6.30	
1993	$ 5,046	$ 5.00	

North Dakota

11/96	$ 8,318	$ 3.50	
1995	$ 7,357	$ 3.50	
1994	$ 6,230	$ 2.50	
1993	$11,388	N/A	

SENATE JUDICIARY COMMITTEE
EXHIBIT NO. #4
DATE 1-17-97
BILL NO. SB44

1-17-97
SB44
Ex

PROPOSED AMENDMENT TO SB 44 (1977)

Mr. Chairman and Members of the Senate Judiciary Committee:

The following amendment to SB 4 is submitted in order to make the bill more precise:

Amend SB 44 (1977) on:

1. Page 1 line 19
   Following: ~~no~~
   Strike: "the"
   Insert: "no"

2. Page 1 line 19
   Following: "vehicle"
   Insert: "insured under a policy is"

3. Page 1 lines 19
   Following: "accident"
   Strike: "is not insured under"

4. Page 1 line 20
   Strike: "a policy"

5. Page 1 line 23
   Insert: New Sub-section (c) as follows:

"(c) if the motor vehicle involved in the accident is not insured under any policy, it is insured as defined in Section 201 of this part, and the limits of coverages are those set forth in (b) above, excluding bodily injury liability coverage; and"

6. Page 1 line 23
   Strike: Present Sub-section (c)
   Insert: "(d)"

7. Page 1, line 23
   In present Sub-section (c) renumbered (d)
   Before: the first "the"
   Insert: "In no event may"

8. Page 1, line 24
   In present Sub-section (c) renumbered (d)
   Strike: "may not"

Respectfully submitted,

THE FARMERS INSURANCE GROUP OF COMPANIES
Ward A. Shanahan 406-442-8560
33 So. Last Chance Gulch, P.O. Box 1715
Helena, MT 59624

J. Lenmark
1-17-97

SENATE JUDICIARY
EXHIBIT NO. #5
DATE 1-17-97
BILL NO. SB44

SENATE BILL 44
DEFINITIONS APPLYING TO "STACKING"

1. "**Uninsured Motorists Insurance**" - Uninsured Motorists (UM) insurance compensates an insured for automobile injuries caused by a motorist carrying no identifiable liability insurance--an uninsured motorist. Had the uninsured at-fault party (the tort-feasor) carried liability insurance, that liability coverage would normally apply and provide the appropriate compensation. UM also provides coverage to an insured injured in a hit-and-run accident--where the tortfeasor (and his or her liability insurance--if it exists) is not identifiable. In most states, UM coverage also applies if the tortfeasor's insurer is insolvent.

2. "**Underinsured Motorists Insurance**" - Underinsured Motorists (UIM) insurance compensates an insured for damages caused by a tortfeasor whose liability insurance policy limits do not fully cover the insured's damages.

3. "**Stacking**" - Stacking allows extra compensation by adding policy limits of other automobiles, either in the same policy (intrapolicy stacking) or from other policies (interpolicy stacking) covering the insured and enable the insured to recover up to the sum of these limits. Stacking can apply in both UM and UIM coverages.

Stacking the limits corresponding to multiple vehicles insured under one policy (intrapolicy stacking) means essentially that the policy limit is multiplied by the number of vehicles insured. For instance, if a policy with a UM or UIM limit of $15,000 covers three vehicles, the insured could recover up to $45,000 under intrapolicy stacking. Stacking the limits of multiple policies (interpolicy stacking) involves adding the limits of several policies that apply to one person or automobile. For instance, if the insured has two vehicles, each covered under a separate policy with limits of $30,000 each, the insured could recover up to $60,000 under interpolicy stacking.

Stacking is predicated on the judicial assumption that insureds believe their UM/UIM coverages are supposed to be stacked. If stacking logic is applied by judicial interpretation or legislation in a given state, a insured with 100 vehicles can find itself with UM/UIM coverage 100 times greater than the stated policy limit. And, of course, the insurer must charge accordingly.

Source: Insurance Services Office, Inc. (ISO) (1996)

Submitted by: Jacqueline Lenmark, American Insurance Association

FROM

SENATE JUDICIARY COMMITTEE
EXHIBIT NO. #6
DATE 1-17-97
BILL NO. SB 44

Ex 1-17-97 SB 44

interoffice MEMORANDUM

to: Russell Hill, MTLA
from: John Morrison
subject: Stacking
date: January 16, 1997

In short, Mont. Code Ann. § 33-23-203, as construed by the Montana Supreme Court and the United States District Court, prohibits stacking of liability coverage and uninsured motorist (UM) coverage on multiple cars insured under a single policy. Underinsured (UIM) motorist coverage and medical pay (med pay) coverage on multiple vehicles covered under the *same policy* may be stacked, Farmers Alliance v. Holeman, ____ Mont. ____ (1996). UM, UIM and med pay coverage on *separate policies* may be stacked, Bennett v. State Farm, 758 F.Supp 1388 (D. Mont. 1991) (Hatfield). Liability coverage may not be stacked in any case because, unlike UM, UIM and med pay, it is not deemed to be a portable coverage that follows the insured and it is based on the insured's negligence. The distinction is drawn in Chaffee v. USF & G, 181 Mont. 1, 591 P.2d 1102 (1979). Shamstrom prohibited stacking of liability based on Chaffee in Allstate v. Skorupa, 13 Mont. Fed. Rep. 355 (Jan. 15, 1993).

The parties to the insurance contract may specify that there shall be no stacking. The exception recognized by the Montana Supreme Court is that a contractual agreement between the parties prohibiting stacking of UM coverage in separate policies is void as against public policy because the insured paid for the separate coverages and the insurer may not deprive him of the basic benefit of his bargain. Bennett v. State Farm, 261 Mont. 386, 862 P.2d 1146 (1993).

	Intra policy	Inter policy
liability	No	No
uninsured motorist	No	Yes
underinsured motorist	Yes	Yes
med pay	Yes	Yes

Intra policy means multiple cars on a single policy. Inter policy means multiple policies. Intra policy is governed by § 33-23-203 and § 61-6-103. Inter policy is governed by the terms of the insurance contract, subject to public policy.

SENATE STANDING COMMITTEE REPORT

January 17, 1997

MR. PRESIDENT:

We, your committee on Judiciary having had under consideration SB 44 (first reading copy -- white), respectfully report that SB 44 do pass.

Signed: Bruce D Crippen
Senator Bruce Crippen, Chair

Amd. Coord.
Sec. of Senate

111449SC.SRF

MONTANA SENATE
1997 LEGISLATURE
JUDICIARY COMMITTEE

ROLL CALL DATE 1-17-97

NAME	PRESENT	ABSENT	EXCUSED
SUE BARTLETT	✓		
AL BISHOP	✓		
STEVE DOHERTY	✓		✓
SHARON ESTRADA	✓		
MIKE HALLIGAN	✓		
RIC HOLDEN	✓		
REINY JABS	✓		
WALT MC NUTT	✓		
LORENTS GROSFIELD, VICE CHAIRMAN	✓		
BRUCE CRIPPEN, CHAIRMAN	✓		

SEN:1995
wp.rollcall.man
CS-09

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON JUDICIARY

Call to Order: By CHAIRMAN BOB CLARK, on March 5, 1997, at 8 AM, in Room 312-1.

ROLL CALL

Members Present:

Rep. Bob Clark, Chairman (R)
Rep. Daniel W. McGee, Vice Chairman (Majority) (R)
Rep. Diana E. Wyatt, Vice Chairman (Minority) (D)
Rep. Chris Ahner (R)
Rep. Shiell W. Anderson (R)
Rep. Ellen Bergman (R)
Rep. William E. Boharski (R)
Rep. Aubyn A. Curtiss (R)
Rep. Jon Ellingson (D)
Rep. Duane Grimes (R)
Rep. H.S. "Sonny" Hanson (R)
Rep. Joan Hurdle (D)
Rep. Deb Kottel (D)
Rep. Linda McCulloch (D)
Rep. Brad Molnar (R)
Rep. Gerald Pease (D)
Rep. Diane Sands (D)
Rep. Liz Smith (R)
Rep. Loren L. Soft (R)
Rep. Bill Tash (R)

Staff Present: John MacMaster, Legislative Services Division
Joanne Gunderson, Committee Secretary

Committee Business Summary:
Hearing(s) & Date(s) Posted: SB 44, SB 79, SB 54, SB 212

HEARING ON SB 44

Opening Statement by Sponsor: **SEN. RIC HOLDEN**
{Tape: 1; Side: A; Approx. Time Count: 1.0}

Proponents' Testimony:

ROGER MC GLENN, IIAM
{Tape: 1; Side: A; Approx. Time Count: 8.6; Comments: This proponent was not listed with the Commissioner of Political Practices nor was "IIAM" identifiable.}

ROBERT PHILLIPS, SAFECO Insurance Company
{Tape: 1; Side: A; Approx. Time Count: 10.7}

JACQUELINE LENMARK, American Insurance Association **EXHIBIT 1**
{Tape: 1; Side: A; Approx. Time Count: 17.2}

WARD SHANNAHAN, Farmers Insurance Group of Companies
{Tape: 1; Side: A; Approx. Time Count: 18.7}

LARRY AKEY, NAII
{Tape: 1; Side: A; Approx. Time Count: 18.9; Comments: This proponent was not listed with the Commissioner of Political Practices nor was "NAII" identifiable.}

RON ASHABRANER, State Farm Insurance Companies **EXHIBIT 2**
{Tape: 1; Side: A; Approx. Time Count: 19.4}

LORNA FRANK-KARN, Montana Farm Bureau
{Tape: 1; Side: A; Approx. Time Count: 21.4}

DWIGHT EASTON, Farmers Insurance Group of Companies
{Tape: 1; Side: A; Approx. Time Count: 22.7}

Opponents' Testimony:

JOHN MORRISON **EXHIBITS 3 and 4**
{Tape: 1; Side: A; Approx. Time Count: 23.9; Comments: This witness did not sign in.}

RUSSELL HILL, Montana Trial Lawyers Association (MTLA) **EXHIBIT 5**
{Tape: 1; Side: A; Approx. Time Count: 33.4}

GENE JANUSSI, MTLA
{Tape: 1; Side: A; Approx. Time Count: 38.6}

Questions From Committee Members and Responses:
{Tape: 1; Side: A; Approx. Time Count: 40.5-Tape 1; Side B; 26.6; Comments: REP. MC GEE assumed the chair.}

Closing by Sponsor: SEN. HOLDEN
{Tape: 1; Side: B; Approx. Time Count: 26.7}

HEARING ON SB 79

Opening Statement by Sponsor: SEN. CHRIS CHRISTIAENS
{Tape: 1; Side: B; Approx. Time Count: 30.3}

Proponents' Testimony:

CLYDE DAILEY, Montana State Auditor **EXHIBITS 6-8**
{Tape: 1; Side: B; Approx. Time Count: 34.0; Comments: Spoke also on behalf of Beth Baker of the Attorney General's Office.}

GENE HOFFMAN
{Tape: 1; Side: B; Approx. Time Count: 40.7}

BOB PFEIFFER, Montana Credit Unions League

EXHIBIT 1
DATE 3/5/97
SB 44

SENATE BILL 44
DEFINITIONS APPLYING TO "STACKING"

1. "**Uninsured Motorists Insurance**" - Uninsured Motorists (UM) insurance compensates an insured for automobile injuries caused by a motorist carrying no identifiable liability insurance--an uninsured motorist. Had the uninsured at-fault party (the tort-feasor) carried liability insurance, that liability coverage would normally apply and provide the appropriate compensation. UM also provides coverage to an insured injured in a hit-and-run accident--where the tortfeasor (and his or her liability insurance--if it exists) is not identifiable. In most states, UM coverage also applies if the tortfeasor's insurer is insolvent.

2. "**Underinsured Motorists Insurance**" - Underinsured Motorists (UIM) insurance compensates an insured for damages caused by a tortfeasor whose liability insurance policy limits do not fully cover the insured's damages.

3. "**Stacking**" - Stacking allows extra compensation by adding policy limits of other automobiles, either in the same policy (intrapolicy stacking) or from other policies (interpolicy stacking) covering the insured and enable the insured to recover up to the sum of these limits. Stacking can apply in both UM and UIM coverages.

Stacking the limits corresponding to multiple vehicles insured under one policy (intrapolicy stacking) means essentially that the policy limit is multiplied by the number of vehicles insured. For instance, if a policy with a UM or UIM limit of $15,000 covers three vehicles, the insured could recover up to $45,000 under intrapolicy stacking. Stacking the limits of multiple policies (interpolicy stacking) involves adding the limits of several policies that apply to one person or automobile. For instance, if the insured has two vehicles, each covered under a separate policy with limits of $30,000 each, the insured could recover up to $60,000 under interpolicy stacking.

Stacking is predicated on the judicial assumption that insureds believe their UM/UIM coverages are supposed to be stacked. If stacking logic is applied by judicial interpretation or legislation in a given state, a insured with 100 vehicles can find itself with UM/UIM coverage 100 times greater than the stated policy limit. And, of course, the insurer must charge accordingly.

Source: Insurance Services Office, Inc. (ISO) (1996)

Submitted by: Jacqueline Lenmark, American Insurance Association

EXHIBIT 2
DATE 3/5/97
SB 44

Bill # Senate Bill 44 Date 3/5/97 Committee House Judiciary

Mr. Chairman, members of the committee for the record my name is Ron Ashabraner and I stand before you today representing the State Farm Insurance Companies.

State Farm Insurance insures approximately 1/3 of the insured autos and homes in the State of Montana.

State Farm supports Senate Bill 44 for the following reasons..

Adults make contracts with each other that will be enforced by the courts. Fundamental to both order in society and the sanctity of the contract is predictability in the application of contract law. To the extent that activists courts have pursued an agenda to promote certain social or torts goals, they have done so frequently at the expense of contract certitude and stability.

The transaction costs associated with contract uncertainty are enormous and failure of the judiciary to recognize its role as enforcer of contract, as written, will keep these costs high.

Only when courts enforce contracts bargained for by adults will the slide toward business and economic uncertainty end.

"Stacking" or aggregation of limits, increases Uninsured & Underinsured (UM/UIM) costs by as much as 30 percent or more. In addition stacking is fundamentally unfair. For example, an individual owns three cars and elects to purchase coverage on only on car. Following the accident, coverage would apply to any one of the individual's owned cars. Another scenario is when the individual has several insured cars, the limits that apply to each would be added together to produce a higher limit.

The staking system unfairly burdens the individual owning one car by subsidizing the insurance costs of those owning more than one car.

Premiums are set by loss experience.

In this last year I have seen the cost of the coverage UM/UIM rise from $ 25.00 for 100/300 to $55.00.

Continued loss experience will continue to cause an escalation of the premiums and at this point we are starting to see a trend on the part of consumers to cancel these coverage's as they are reaching the point of being unaffordable.

This is a tragedy as these are the first party coverage's carried by policy holders to protect their own family against the wrongful actions of others, something that many are finding they are unable to afford due to decisions in our court systems.

I thank you for your time - request your support of this bill and will answer questions if requested.

EXHIBIT 3
DATE 3/5/97
SB 44

Stacking Cases

Kemp v. Allstate Ins. Co., 183 Mont 526, 601 P.2d 20 (1979). Passenger permitted to stack uninsured motorist coverage when the insured has paid separate premiums for the separate uninsured motorist coverages.

Chaffee v. USF&G, 181 Mont. 1, 591 P.2d 1102 (1979). Insured may stack uninsured motorist coverage on multiple vehicles insured under the same policy where separate premiums are paid for UM coverage for each vehicle.

Sayers v. Safeco Ins. Co. Of America, 192 Mont. 336, 628 P.2d 659 (1981). A passenger can stack uninsured motorist coverage on two vehicles insured under the same policy.

Sec. 33-23-203 enacted 1981; amended 1987. Prohibits stacking of coverages under a single policy, reversing the effect of Chaffee and Sayers.

Bennett v. State Farm, 758 F. Supp. 1388 (D. Mont. 1991). Judge Hatfield rules that UM, UIM and med pay coverages in separate policies may be stacked.

Allstate v. Skorupa, 13 Mont. Fed. Rep. 355 (1993). Judge Shanstrom rules that liability coverage may not be stacked, citing Chaffee.

Bennett v. State Farm, 261 Mont. 386, 862 P.2d 1146 (1993). Public policy prohibits "antistacking" provisions in auto insurance contracts with respect to underinsured motorist coverage.

Farmers Alliance v. Holeman, 1996 WL 543931 (Mont. 1996). Section 33-23-203 does not prohibit stacking of optional underinsured motorist and med pay coverage on vehicles insured under the same policy where a separate premium is paid for each vehicle.

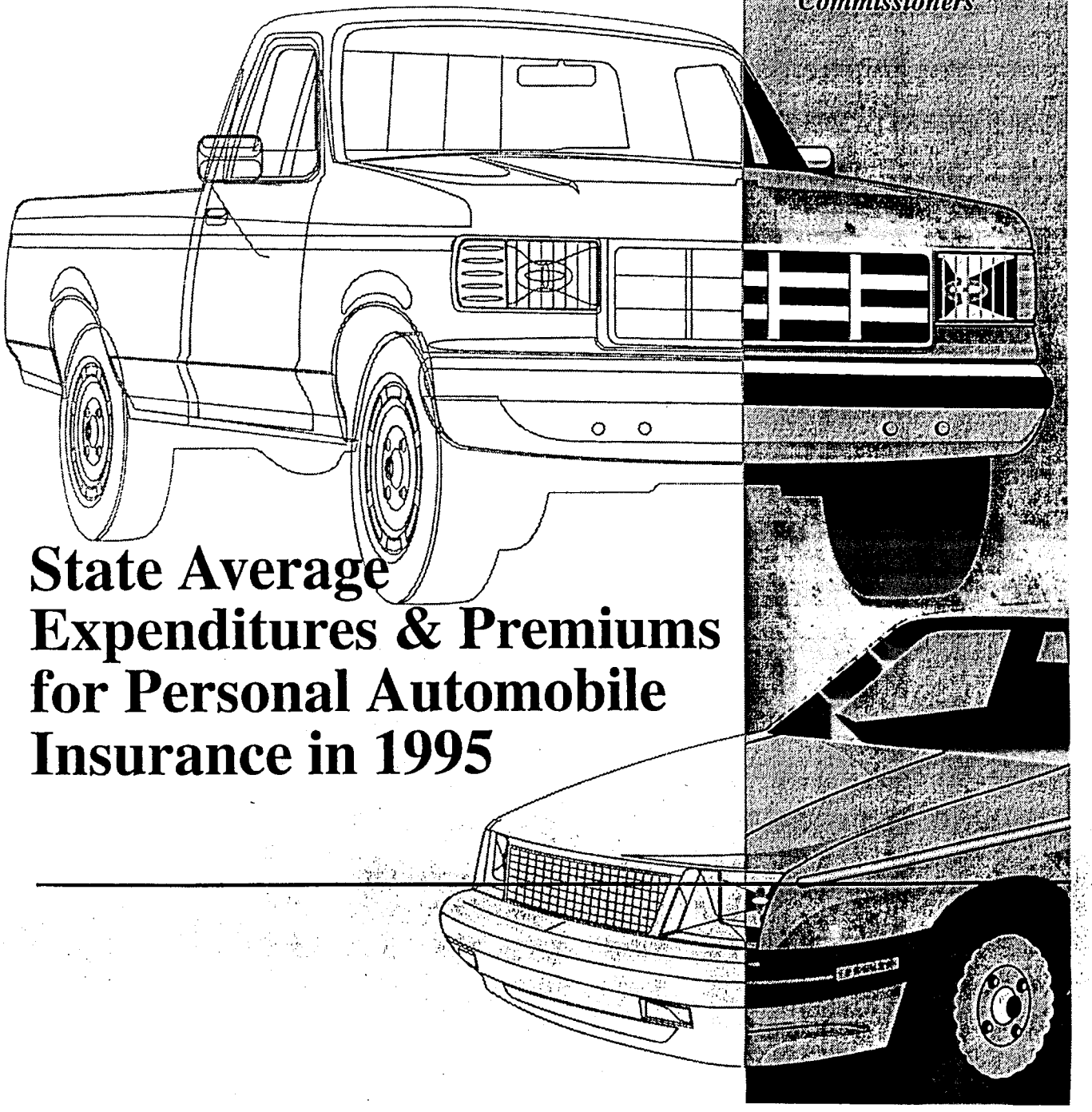
	Intrapolicy	Interpolicy
Liability	No	No
Uninsured motorist	No	Yes
Underinsured Motorist	Yes	Yes
Med pay	Yes	Yes

EXHIBIT 4
DATE 3/5/97
SB 44

January 1997

NAIC

National Association of Insurance Commissioners



State Average Expenditures & Premiums for Personal Automobile Insurance in 1995

Tab. 4
Private Passenger Automobile Insurance
State Liability Premium Trends
1991-1995

State	1995 Average Premium	1995 Rank	1994 Average Premium	1994 Rank	1993 Average Premium	1993 Rank	1992 Average Premium	1992 Rank	1991 Average Premium	1991 Rank	94-95 Percent Change	94-95 Rank	91-95 Percent Change	91-95 Rank
North Dakota	204.77	51	198.40	51	188.00	51	170.87	51	176.59	49	3.2	17	16.0	33
Ohio	327.95	34	317.89	33	302.14	35	304.46	29	289.35	30	3.2	18	13.3	35
Oklahoma	324.91	35	298.69	38	280.46	39	262.89	39	239.01	42	8.8	3	35.9	4
Oregon	373.37	24	380.91	24	383.88	23	358.85	24	352.89	21	-2.0	48	5.8	45
Pennsylvania	444.29	19	447.02	18	433.93	19	433.06	15	413.05	15	-0.6	42	7.6	43
Rhode Island	619.18	4	611.59	4	605.83	5	550.24	5	509.56	6	1.2	31	21.5	22
South Carolina	395.84	23	401.83	22	390.99	22	364.75	22	327.82	25	-1.5	45	20.7	25
South Dakota	251.36	47	231.17	49	206.28	50	183.64	49	165.26	50	8.7	4	52.1	1
Tennessee	293.54	41	287.67	41	273.84	41	257.95	41	247.35	40	2.0	25	18.7	28
Texas****	490.31	13	494.95	13	448.36	16	420.48	18	389.53	16	-0.9	44	25.9	17
Utah	351.73	29	346.98	27	325.53	29	282.20	38	256.40	38	1.4	30	37.2	3
Vermont	293.27	42	284.33	42	276.41	40	261.92	40	250.73	39	3.1	19	17.0	31
Virginia	371.57	26	346.86	28	343.63	27	335.25	27	331.10	24	7.1	5	12.2	37
Washington	453.01	17	459.92	16	446.19	17	400.03	19	369.52	19	-1.5	46	22.6	20
West Virginia	412.87	21	399.62	23	365.28	26	352.38	25	322.28	27	3.3	16	28.1	11
Wisconsin	301.57	38	297.03	39	300.49	36	292.00	35	273.27	35	1.5	27	10.4	40
Wyoming	230.56	50	223.10	50	207.17	49	180.27	50	156.97	51	3.3	15	46.9	2
Countrywide	425.89		419.74		412.70		394.34		375.35		1.5		13.5	

* Because the District of Columbia is entirely urban it may not be directly comparable to states with rural areas.

** Includes Safe Driver Plan credits and surcharges. (See Technical Note for further explanation.)

*** Includes policy constants, Driver Improvement Program, and RMEC charges. (See Technical Note for further explanation.)

**** Due to historical data reporting anomalies, Texas results are not reflective of actual experience and not comparable to results from other states. (See Technical Note for further explanation.)

AVERAGE PREMIUM = (Written Premium/Written Car-Years)

Sources: AAIS, AIPSO, ISO, NAII, NISS, Massachusetts Commonwealth Automobile Reinsurers, South Carolina Department of Insurance, Texas Department of Insurance, California Department of Insurance and NAIC.

1/97

State Average Expenditures & Premiums For Personal Automobile Insurance In 1995

This report shows estimated state average expenditures and average premiums per insured vehicle for private passenger automobile insurance for 1991-1995. These statistics provide approximate measures of the relative cost of automobile insurance to consumers in each state. The data for prior years were adjusted to reflect the most up-to-date information available as of the end of 1995. Therefore, the historical averages may not exactly match information published in prior versions of this study.

The underlying data were obtained primarily from the National Association of Independent Insurers, the Insurance Services Office, the National Independent Statistical Service and the American Association of Insurance Services. Data also were obtained from the California Department of Insurance, the New Jersey Department of Insurance, the South Carolina Department of Insurance, the Texas Department of Insurance and the Massachusetts Commonwealth Automobile Reinsurers. The assistance of these organizations in providing data for this report is greatly appreciated.

The state average expenditure per insured vehicle is defined as the total written premiums for all coverages divided by the liability written car years in that state. This assumes that all insured vehicles carry liability coverage but do not necessarily carry collision and/or comprehensive coverage. The state combined average premium per insured vehicle, on the other hand, takes the average premiums for each of the major coverages (liability, comprehensive, and collision) and adds these separate averages together to provide a rough estimation of the representative average premium for an insured vehicle carrying all coverages. The average expenditure measures what consumers actually spent for insurance per insured vehicle, while the combined average premium attempts to measure the hypothetical expenditure for an average car, assuming all three basic coverages are purchased. The average expenditure in a state will be affected by the relative amounts of the separate coverages purchased as well as a number of other factors. For instance, in a state with a robust economy, more consumers are likely to purchase new vehicles, and new vehicles are more likely to be insured for physical damage than older vehicles, increasing the average expenditure per insured vehicle. The combined average premium per insured vehicle is less affected by these differences, but will still respond to general economic conditions.

Note that this report uses aggregate written premiums and aggregate written car years for its calculations without differentiating among the states on measures such as traffic density, other traffic conditions, tort liability laws, financial responsibility requirements, rate regulatory approaches, demographics and other factors. Therefore, caution should be exercised when making direct comparisons between states. Because of the many different factors that affect average premiums and average expenditures, these measures do not indicate the relative efficiency of the auto insurance markets in various states.

In 1995, the nationwide average expenditure was $665.52. Seventeen states and the District of Columbia had an average expenditure greater than the national average while 33 states had an average expenditure less than the national average. Statistically, this means that a few high average expenditure states skew the national average upward. The median average expenditure, as a comparison, was $596.41. In 1995, 10 states had average expenditures less than $500, 30 states had average expenditures between $500 and $750, and 11 states had average expenditures greater than $750 per insured vehicle.

The report is divided into several tables. Table 1 shows average expenditures and average premiums in 1995 by state, including separate averages for liability, collision, and comprehensive coverages. Tables 2 through 6

Annual Rates of Change in Consumer Price Indices, Average Expenditures and Premiums

	1991	1992	1993	1994	1995	5-Year Average
Consumer Price Index - All Items*	3.1%	2.9%	2.7%	2.7%	2.5%	2.8%
CPI - Auto Insurance*	8.0%	6.6%	5.0%	3.4%	4.3%	5.5%
CPI - Total Medical Care*	7.9%	6.6%	5.4%	4.9%	3.9%	5.7%
CPI - Auto Body Work*	2.5%	2.7%	2.9%	3.8%	3.5%	3.1%
CPI - Legal Service Fees*	5.7%	4.0%	5.8%	1.9%	3.8%	4.2%
Average Expenditure**	4.3%	3.6%	3.3%	2.0%	2.4%	3.1%
Combined Average Premium**	4.1%	3.8%	2.6%	1.5%	2.1%	2.8%
Average Liability Premium**	5.8%	5.1%	4.7%	1.7%	1.5%	3.8%
Average Collision Premium**	2.2%	0.7%	-1.2%	1.0%	3.3%	1.2%
Average Comprehensive Premium**	1.5%	5.5%	2.6%	1.9%	2.5%	2.8%

* U.S. Bureau of Labor statistics.
** NAIC

The Consumer Price Index (CPI) for all items measures the cost of a fixed set of consumer goods and services purchased by a set population. Similarly, the CPI for automobile insurance is an index measuring the cost of automobile insurance to consumers over time. The annual rate of change in the average premium and average expenditure will vary from the annual rate of change in the automobile insurance price index. The average premium and average expenditure are affected by changes in insurance prices as well as the choices individual consumers as to the types and amounts of insurance purchased, whereas the latter holds the amount of insurance constant to measure price changes in a uniform product.

EXHIBIT 5
DATE 3/5/97
SB 44

Directors:

Wade Dahood
Director Emeritus
Elizabeth A. Best
Randall Bishop
Michael D. Cok
Mark S. Connell
Michael W. Cotter
Patricia O. Cotter
Karl J. Englund
Victor R. Halverson, Jr.
Gene R. Jarussi
Micheal F. Lamb
Peter M. Meloy
James P. Molloy
John M. Morrison
Gregory S. Munro
David R. Paoli

Montana Trial Lawyers Association

Russell B. Hill, Executive Director
32 S. Ewing, Suite 312
P.O. Box 838, Helena, Montana 59624
Tel: (406) 443-3124
Fax: (406) 449-6943

Officers:

Gene R. Jarussi
President
John M. Morrison
President-Elect
Michael D. Cok
Vice President
Patricia O. Cotter
Secretary-Treasurer
William A. Rossbach
Governor
David R. Paoli
Governor

March 5, 1997

Rep. Bob Clark, Chair
House Judiciary Committee
Room 312-1, State Capitol
Helena, MT 59624

RE: SB 44

Mr. Chair, Members of the Committee:

Thank you for this opportunity to express MTLA's opposition to SB 44, which would limit an auto insurer's liability under its policy. MTLA opposes SB 44 for several reasons, including:

- As drafted, the bill creates terrible confusion (for example, page 1, lines 19-22) and far-reaching consequences (for example, page 2, lines 10-12) which supporters of the bill have not adequately analyzed.
- Montana consumers who pay separate premiums for separate insurance policies on their vehicles expect and deserve coverage under ***each*** policy. They are hardly "ripping off" insurance companies. Proponents of SB 44 must demonstrate that the entire insurance industry actually includes the opposite presumption when setting premium rates and that SB 44 will thus ***lower*** premiums.
- No statutory amendment is necessary to prevent "stacking." Many Montana insurance companies ***already*** effectively prohibit "stacking" simply by issuing a single policy and charging a single premium to cover multiple vehicles. But apparently some insurance companies assume it's easier to change Montana law in the 1997 Legislature than to change their own forms and procedures.
- Montana law ***already*** authorizes an insurance company to prohibit duplicate payments for the same elements of loss, even when it issues multiple policies to cover multiple vehicles. Thus, a Montana consumer cannot "stack"

different policies to recover for *more* losses than she or he suffers.

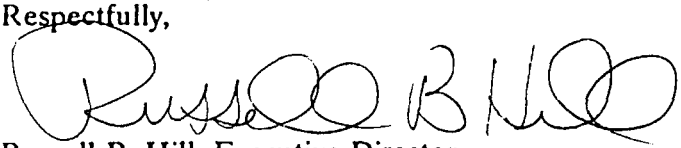
- Uninsured-motorist policies, even when issued as part of a liability policy, protect Montana motorists regardless of whether they are negligent and *regardless of whether they occupy a vehicle named in the policy.* Thus, a Montana motorist who purchases a second or third uninsured-motorist policy to cover a second or third vehicle gains no additional personal coverage--such separate policies only extend coverage to occupants of those vehicles who would not otherwise be insured.

- Insurance companies which sell separate policies of uninsured-motorist coverage to the same Montana consumer typically collect full premiums for each coverage and do not adjust those premiums to reflect the number of policies covering the same individual. Yet since 1979 the Montana Supreme Court has held, "There are no added risks to justify the full premium paid on the second and third vehicles." (*Chaffee v. USF&G*, 591 P.2d 1102, 1104). In other words, an insurance company which sells separate policies of uninsured-motorist coverage to the same Montana motorist will retain windfall profits if it only pays the maximum benefits under a single policy.

- Montana's public policy governing uninsured- and underinsured-motorist coverage is the same: innocent victims of motor vehicle collisions should be protected from irresponsible drivers who cannot pay for the harm they cause. But if SB 44 denies separate coverage to insured motorists who pay separate premiums, then the medical bills won't just disappear from the balance books of out-of-state auto insurers--they'll shift to Montana health-care consumers (via Montana Blue Cross-Blue Shield, etc.) or Montana taxpayers (via Medicaid, Medicare, etc.).

- The distinction between single and multiple insurance policies did not arise *after* current law was enacted. The Montana Legislature specifically intended to distinguish between single and multiple insurance policies when it enacted Sec. 33-23-203, MCA. In doing so, this Legislature recognized that Montana motorists who purchase separate uninsured-motorist policies reasonably expect separate coverages from those policies.

Respectfully,



Russell B. Hill, Executive Director

HOUSE BILL NO. 284

INTRODUCED BY FABREGA, HAGER

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND THE MOTOR VEHICLE INSURANCE LIABILITY LAWS TO ALLOW LIMITATION OF THE INSURER'S LIABILITY IN CASES WHERE THERE IS MORE THAN ONE VEHICLE COVERED UNDER A SINGLE INSURANCE POLICY; AMENDING ~~SECTION 61-6-103, MCA.~~"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Refer to Introduced Bill

(Strike everything after the enacting clause and insert:)

Section 1. Limitation of liability under motor vehicle liability policy. (1) Unless a motor vehicle liability policy specifically provides otherwise, the limits of insurance coverage available under any such policy, including the limits of liability under uninsured motorist coverage, shall be determined as follows, regardless of the number of vehicles insured under the policy:

(a) the limit of insurance coverage available for any one accident shall be the limit specified for the vehicle involved in the accident;

(b) if no vehicle insured under the policy is involved in the accident, the limit of insurance coverage available for any one accident shall be the highest limit of coverage specified for any one vehicle insured under the policy; and

(c) the limits of coverage specified for each vehicle insured under the policy shall not be added together to determine the limit of insurance coverage available under the policy for any one accident.

(2) A motor vehicle liability policy may also provide for other reasonable limitations, exclusions, or reductions of coverage which are designed to prevent duplicate payments for the same element of loss.

Section 2. Codification instruction. Section 1 is intended to be codified as an integral part of Title 33, chapter 23, part 2, and the provisions of Title 33 apply to section 1.

-End-

THIRD READING

HOUSE OF REPRESENTATIVES

JUDICIARY COMMITTEE

ROLL CALL DATE 3/5/97

NAME	PRESENT	ABSENT	EXCUSED
REP. BOB CLARK, CHAIRMAN	✓		
REP. DANIEL MC GEE, VICE CHAIR	✓		
REP. DIANA WYATT, VICE CHAIR	✓		
REP. CHRIS AHNER	✓		
REP. SHIELL ANDERSON	✓		
REP. ELLEN BERGMAN	✓		
REP. WILLIAM BOHARSKI	✓		
REP. AUBYN CURTISS	✓		
REP. JON ELLINGSON	✓		
REP. DUANE GRIMES	✓		
REP. H.S. "SONNY" HANSON	✓		
REP. JOAN HURDLE	✓		
REP. DEB KOTTEL	✓		
REP. LINDA MC CULLOCH	✓		
REP. BRAD MOLNAR	✓		
REP. GERALD PEASE	✓		
REP. DIANE SANDS	✓		
REP. LIZ SMITH 9:15	✓		
REP. LOREN SOFT	✓		
REP. BILL TASH	✓		

MONTANA HOUSE OF REPRESENTATIVES
VISITORS REGISTER

HOUSE JUDICIARY COMMITTEE

DATE 3/5/97

BILL NO. SB 44 SPONSOR(S) Sen. Holden

PROPONENT (P) OPPONENT (O) INFORMATIONAL (I)
(PLEASE IDENTIFY TYPE OF VISITOR)

PLEASE PRINT

TYPE	NAME	ADDRESS	REPRESENTING
P	ROBERT PHILLIPS	MISSOULA	SAFECO INS. CO.
P	ROGER MCGLENN	HELENA	IIAM
P	Rod Richardson	Helena	State Farm Ins.
P	Jacqueline Lenmark	Helena	Am. Ins. Assn
P	[illegible] Eaton	Missoula	Farmers Ins Groups of CO
P	[illegible]	Billings	Farmers Ins Group of Companies
P	[illegible]	Helena	Farmers Ins Group Region
P	LORNA FRANK-KARN	Bozeman	MT. FARM BUREAU
P	LARRY AKEY	HELENA	NAII
O	Gene R Jarussi	Billings	MTLA
O	Russell B Hill	Helena	MT Trial Lawyers

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON JUDICIARY

Call to Order: By CHAIRMAN BOB CLARK, on March 6, 1997, at 8 AM, in Room 312-1.

ROLL CALL

Members Present:

Rep. Bob Clark, Chairman (R)
Rep. Daniel W. McGee, Vice Chairman (Majority) (R)
Rep. Diana E. Wyatt, Vice Chairman (Minority) (D)
Rep. Chris Ahner (R)
Rep. Shiell W. Anderson (R)
Rep. Ellen Bergman (R)
Rep. William E. Boharski (R)
Rep. Aubyn A. Curtiss (R)
Rep. Jon Ellingson (D)
Rep. Duane Grimes (R)
Rep. H.S. "Sonny" Hanson (R)
Rep. Joan Hurdle (D)
Rep. Deb Kottel (D)
Rep. Linda McCulloch (D)
Rep. Brad Molnar (R)
Rep. Gerald Pease (D)
Rep. Diane Sands (D)
Rep. Liz Smith (R)
Rep. Loren L. Soft (R)
Rep. Bill Tash (R)

Staff Present: John MacMaster, Legislative Services Division
Joanne Gunderson, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 16, SB 32, SB 33, SB 31
POSTED 2/21/97

Executive Action: BE CONCURRED IN:
SB 16, SB 32, SB 33
BE CONCURRED IN AS AMENDED:
SB 54, SB 212
TABLED: SB 44

HEARING ON SB 16

Opening Statement by Sponsor: **SEN. MIKE HALLIGAN**
{Tape: 1; Side: A; Approx. Time Count: 2.0}

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON JUDICIARY

Call to Order: By VICE-CHAIRMAN DAN MC GEE, on March 14, 1997, at 8:00 AM, in Room 312-1.

ROLL CALL

Members Present:

Rep. Daniel W. McGee, Vice Chairman (Majority) (R)
Rep. Diana E. Wyatt, Vice Chairman (Minority) (D)
Rep. Chris Ahner (R)
Rep. Shiell W. Anderson (R)
Rep. Ellen Bergman (R)
Rep. William E. Boharski (R)
Rep. Aubyn A. Curtiss (R)
Rep. Jon Ellingson (D)
Rep. Duane Grimes (R)
Rep. Joan Hurdle (D)
Rep. Deb Kottel (D)
Rep. Linda McCulloch (D)
Rep. Brad Molnar (R)
Rep. Gerald Pease (D)
Rep. Diane Sands (D)
Rep. Liz Smith (R)
Rep. Loren L. Soft (R)
Rep. Bill Tash (R)

Members Excused: Rep. Bob Clark, Chairman (R)

Members Absent: Rep. H.S. "Sonny" Hanson (R)

Staff Present: John MacMaster, Legislative Services Division
Joanne Gunderson, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 216, SB 232, SB 277
POSTED 2/24/97

Executive Action: SB 44 and SB 216
BE CONCURRED IN AS AMENDED
SB 232 and SB 277
BE CONCURRED IN
HB 122 AMENDMENTS BE
NOT CONCURRED IN

EXECUTIVE ACTION ON SB 44

Motion: **REP. ANDERSON moved SB 44 be reconsidered.**
{Tape: 4; Side: A; Approx. Time Count: 7.4}

Discussion:
{Tape: 4; Side: A; Approx. Time Count: 7.5-22.9}

Vote: The motion carried 10 - 9; REPS. WYATT, ELLINGSON, MC CULLOCH, SANDS, PEASE, KOTTEL, MOLNAR, MC GEE and HURDLE voting no. REP. HANSON voted aye by proxy.

Motion: **REP. BOHARSKI moved to reconsider the ELLINGSON amendments which were introduced before the previous action to table SB 44 on 3/6/97.**
{Tape: 4; Side: A; Approx. Time Count: 26.1}

Discussion:
{Tape: 4; Side: A; Approx. Time Count: 26.3-Tape 4; Side B; 3.3}

Vote: The motion failed 5 - 13; REPS. BERGMAN, SOFT, TASH, ANDERSON and GRIMES voting aye.

Motion/Vote: **REP. MOLNAR moved SB 44 BE CONCURRED IN AS AMENDED.** The motion carried 16 - 4; REPS. MC GEE, CLARK (proxy), GRIMES and SOFT voting no. REP. HANSON voted aye by proxy. **REP. ANDERSON will carry SB 44.**

EXECUTIVE ACTION ON HB 163

Discussion:
{Tape: 4; Side: B; Approx. Time Count: 9.8 - 12.4; Comments: Amendments were discussed and further action was postponed by direction of the chairman.}

EXECUTIVE ACTION ON SB 168

Motion: **REP. KOTTEL moved to table SB 168.** The motion was not entertained by VICE CHAIR MC GEE by instruction from the chairman.
{Tape: 4; Side: B; Approx. Time Count: 12.5}

MOTION/VOTE: **REP. WYATT MOVED TO ADJOURN.** THE MOTION CARRIED BY unanimous voice vote.

HOUSE STANDING COMMITTEE REPORT

March 14, 1997

Mr. Speaker: We, the committee on **Judiciary** report that **Senate Bill 44** (third reading copy -- blue) **be concurred in as amended.**

Signed: Vice Chair
Bob Clark, Chair

And, that such amendments read: **Carried by: Rep. Anderson**

1. Page 1, line 14.
Strike: ","
Insert: "or"

2. Page 1, line 15.
Strike: ", or the number of separate premiums paid"

3. Page 1.
Following: line 30
Insert: "(3) Regardless of the number of motor vehicles insured under a policy or of the number of policies issued by the same company covering an insured, a company may not charge duplicate premiums for coverage for the same element of loss."
Renumber: subsequent subsection

-END-

3-14-97

Committee Vote:
Yes 16, No 4.

561249SC.Hdh

HOUSE OF REPRESENTATIVES

JUDICIARY COMMITTEE

ROLL CALL DATE 3/14/97

NAME	PRESENT	ABSENT	EXCUSED
REP. BOB CLARK, CHAIRMAN			✓
REP. DANIEL MC GEE, VICE CHAIR	✓		
REP. DIANA WYATT, VICE CHAIR	8:30 ✓		
REP. CHRIS AHNER	9:30 ✓		
REP. SHIELL ANDERSON	✓		
REP. ELLEN BERGMAN	✓		
REP. WILLIAM BOHARSKI	✓		
REP. AUBYN CURTISS	✓		
REP. JON ELLINGSON	✓		
REP. DUANE GRIMES	✓		
REP. H.S. "SONNY" HANSON		✓	
REP. JOAN HURDLE	✓		
REP. DEB KOTTEL	✓		
REP. LINDA MC CULLOCH	✓		
REP. BRAD MOLNAR	✓		
REP. GERALD PEASE	✓		
REP. DIANE SANDS	✓		
REP. LIZ SMITH	8:15 ✓		
REP. LOREN SOFT	✓		
REP. BILL TASH	✓		

HOUSE OF REPRESENTATIVES

JUDICIARY COMMITTEE

ROLL CALL DATE 3/6/97

NAME	PRESENT	ABSENT	EXCUSED
REP. BOB CLARK, CHAIRMAN	✓		
REP. DANIEL MC GEE, VICE CHAIR	✓		
REP. DIANA WYATT, VICE CHAIR	✓		
REP. CHRIS AHNER	✓		
REP. SHIELL ANDERSON	✓		
REP. ELLEN BERGMAN	✓		
REP. WILLIAM BOHARSKI	✓		
REP. AUBYN CURTISS	✓		
REP. JON ELLINGSON	✓		
REP. DUANE GRIMES	✓		
REP. H.S. "SONNY" HANSON	✓		
REP. JOAN HURDLE	✓		
REP. DEB KOTTEL	✓		✓ 9:15
REP. LINDA MC CULLOCH	✓		
REP. BRAD MOLNAR	✓		
REP. GERALD PEASE	✓		
REP. DIANE SANDS	✓		
REP. LIZ SMITH 9:10	✓		
REP. LOREN SOFT	✓		
REP. BILL TASH	✓ 8:30		✓

MINUTES

MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION

CONFERENCE COMMITTEE ON SENATE BILL 044

Call to Order: By **CHAIRMAN RIC HOLDEN**, on April 15, 1997, at 5:25 P.M., in ROOM 410.

ROLL CALL

Members Present:
Sen. Ric Holden (R)
Sen. Bruce D. Crippen (R)
Sen. Mike Halligan (D)
Rep. Shiell Anderson (R)
Rep. Daniel W. McGee (R)
Rep. Jon Ellingson (D)

Members Excused: None

Members Absent: None

Staff Present: Bart Campbell, Legislative Services Division
Mary Gay Wells, Committee Secretary

{Tape: 1; Side: A; Approx. Time Count: 5:26 PM; Comments: N/A.}

HEARING ON SB 44

Discussion and Questions From Committee Members and Responses:

CHAIRMAN RIC HOLDEN opened the meeting. The Secretary noted the roll and was informed that **SEN. CRIPPEN** would arrive a bit late.

CHAIRMAN HOLDEN said the committee has before them today SB 44. The committee will deal with House amendments to SB 44 that were introduced by **REP. JON ELLINGSON.** The **CHAIRMAN** asked **REP. ELLINGSON** to clarify the intent of his amendments. He felt that there might be some misunderstanding concerning the language.

REP. ELLINGSON said the amendment tries to parallel the language on page 1, starting at line 27 of current law. It provides that a motor vehicle liability policy may also provide for other reasonable limitations, exclusions, or reductions of coverage that are designed to prevent duplicate payments for the same element of loss. What the amendment provides is simply to provide that a company may not charge duplicate premiums for coverage of the same element of loss. It seems only logical that if there are not going to be duplicate payments for the same element of loss then there should not be duplicate premiums for coverage of the same element of loss. As an example, in his own

automobile coverage, he has two automobiles and has two policies, same company, two uninsured motorists provisions, one on each policy, and in reading the policy and confirmed by his agent, he is covered by one policy regardless of which vehicle he is driving and that he is paying two premiums. Consequently, he has two policies under his interpretation of the policy. Now if the position of the insurance industry is that he should not be able to recover under each one of those policies, the purpose of the amendment is to state that he should not have to pay for two policies. To go to the specific language or wording of the amendment is that the company may not charge a duplicate premium for coverage of the same element of loss which he is now paying. He is paying two premiums on two policies. If he doesn't have two separate policies he shouldn't have to pay two premiums. That is the purpose of the House amendment.

REP. SHEILL ANDERSON asked **REP. ELLINGSON** what he would pay if he had two or three cars? **REP. ELLINGSON** replied that is the way his policy reads. **REP. ANDERSON** said so if **REP. ELLINGSON** has all three vehicles out on the road at one time, each one could be covered under his paying one time. **REP. ELLINGSON** said if they are all in accidents under his coverage. . . . and his agent asks him how many vehicles he has and how many people are drivers. . . . (the thought was not finished). He has three drivers in his family and two cars. So conceivably two vehicles could be out on the road at the same time. **REP. ANDERSON** said that he is paying the same as the person who has one vehicle. **REP. ELLINGSON** said he didn't know how the insurance companies assess the policies. He presumes the insurance companies find out how many vehicles and drivers and goes from there. He didn't know their rate structure. He felt it reasonable to include those factors in establishing the rate. But his policy as written right now shows that he only needs one policy. And if he is paying two premiums for two policies, he feels that he should get the benefit of it. **REP. ANDERSON** said that what insurers insured is risk. So if there are two vehicles there are two elements of risk. And the way he views it is that if a person has three cars and, under the amendment, you have insurance on each one of those cars and each is in an accident, and if you pay for all three of those, you actually would get nine recoveries rather than one on each car. He believes that is unfair and unfair to the person who owns one car because he will be paying for that additional risk imposed by the person with three vehicles. He believes that the amendment basically defeats the purpose of the bill which is to prevent the stacking of these policies. The only way to fix it is to clarify the language of the amendments which can't be done in committee or to strike it entirely. He proposed that the committee simply remove the amendment that **REP. ELLINGSON** put on in the House. He submitted his amendment **(EXHIBIT 1)** to the committee.

{Tape: 1; Side: A; Approx. Time Count: 5:32 PM; Comments: N/A.}

REP. SHIELL ANDERSON MOVED HIS AMENDMENTS THAT WOULD REMOVE THE HOUSE AMENDMENTS. He felt the House amendments were confusing in the way it reads and it is subject to interpretation. On one hand you will have trial lawyers saying that with this language you could stack the policies or else the insurers are simply not going to insure you if you have three cars and you expect to cover each one of them with only one policy.

REP. ELLINGSON responded. We are saying a company may not charge duplicate premiums for the same element of loss. Why should a company be able to charge duplicate premiums for the same element of loss. If a person has one car and he wants the uninsured motorist coverage on one car, that individual is going to be quoted a rate on uninsured motorists that is going to be based on one car. If a person has three cars and he wants the uninsured motorist coverage to cover him and if the company knows that the person has three cars they will base the premium in part on the fact there are three vehicles. There is nothing in this bill that says they can't do that because there is an additional element of risk. If they are saying the person has two separate policies and both of them have only one coverage under both policies, what this amendment says is that they can't charge the person for the second one. The person has bought number one and the policy under the automobile insurance covers the person on both of the vehicles. So why should the person pay a duplicate premium if the coverage is already there. There is only one reason. It is a second policy and the person should be able to stack it.

REP. ANDERSON asked if **REP. ELLINGSON** was suggesting that if a person owns three cars, you would pay some factor of one car times three and maybe two-thirds of three cars because you have fewer people in your family, so the insurance company would have to take all this into consideration. **REP. ELLINGSON** said they do this already.

CHAIRMAN HOLDEN interjected that what **REP. ELLINGSON** wants to do is to stack these insurance policies. There is no doubt about that. You want these policy limits to stack, so when someone is in an accident they can have multiple limits of coverage. **REP. ELLINGSON** said he wanted them stacked if he is buying more than one policy. **CHAIRMAN HOLDEN** said there are many young people in the state that are trying to get started as well as the elderly. Currently, the insurance industry does not charge premiums in this state to allow them to stack for all of these limits. What is happening is that the elderly and the young people getting started that have one car or even two may want to buy policy limits just to cover that one car up to maybe $25,000. But what you are saying is they are going to be forced as a consumer to actually purchase $50,000 if they have two cars. The insurance carrier is going to have to jack the rates up to take in the possibility that when they are in an accident these two policies are going to be stacked. The Legislature can set policy in this state to stack the limits on the cars, but the consumer is going

to have to pay for it. That is what the crux of the whole argument comes down to. What are we willing to shove on the consumer in the state? **CHAIRMAN HOLDEN** then submitted to the committee that if you have two vehicles and one sits in the garage most of the time, you are going to want a lower limit of $25,000 but on the one you drive most of the time, you would probably want a higher limit. So the insurance industry currently provides the consumer a discount. They allow the consumer to say he would only purchase $25,000 on this one and $50,000 on the second one and he doesn't want to be penalized by having the premium increase because the company is not going to be stacking them on the consumer if he has an accident. If this is not the problem that the committee is looking at, the bill would not be here. With all the stacking that is going on, the rates are going through the roof. And unless the Legislature gets a handle on it, and if they don't stop letting the trial attorneys continue to drag this through the courts and to the Supreme Court on this stacking issue, the premiums are going to continue to go up, up and up.

REP. ELLINGSON said he didn't think this has anything to do with the trial attorneys. He thinks it has to do with consumer protection and getting what you pay for. Why has he been paying for two premiums on his vehicles for uninsured motorists and they need to be sure that they are talking only about uninsured not about the basic liability coverage. **CHAIRMAN HOLDEN** said that is where **REP. ELLLINGSON** is incorrect. In this bill, on page 1, it takes away all that distinction. What is being talked about is liability, underinsured motorist coverage, uninsured motorist coverage and medical payment coverage. It is important to note that the focus should not be just on underinsured motorist coverage anymore. That is why he, **CHAIRMAN HOLDEN,** has stood in opposition to the House amendment because the amendment goes to all the coverages that are on an automobile policy. If all coverages are going to be stacked, premiums will be unbearable. **REP. ELLINGSON** disagreed and felt the amendment was a consumer friendly amendment when it says the companies cannot charge twice for the same element of loss. Why should anyone have to pay twice for the same element of coverage.

REP. ANDERSON said that it seemed to him that what it insured is risk--not loss. Each vehicle you have out there exposes the rest of the policy holders to risk. **REP. ELLINGSON** says it exposes the insurance companies to risk. **REP. ANDERSON** said that it is the insurance companies that covers the policy holders. If there are four elements of risk out there, each one needs to be covered. **REP. ELLINGSON** had no qualms with that. **REP. ANDERSON** said whether there is three, four or five, a person could have 25 elements of recovery.

REP. ELLINGSON said that what this boils down to is a matter of confusion on what has been sold by insurance companies and what the consumer has bought. He looks at his insurance policy and his agent tells him that he is correct. But he has two policies

and he is paying two premiums on it. And the reason he is paying two premiums is because he has two policies and he feels that he should be able to put them together. Now if the insurance companies want to be real clear about this, all they would have to do is take this bill and in their procedures define exactly what it is the consumer is purchasing. And one thing that he didn't want the companies be allowed to do, and he felt that the amendment addresses this, is charge twice if the consumer doesn't get the benefit of the two policies.

REP. ANDERSON said the consumer can; all they have to do is have two wrecks.

{Tape: 1; Side: A; Approx. Time Count: 5:43 PM; Comments: N/A.}

SEN. MIKE HALLIGAN requested that one committee member and then another committee member make a one or two minute statement for the benefit of the committee but keep it limited to one shot each and continue that way.

CHAIRMAN HOLDEN at this point asked for comments from two visitors to the hearing.

Russell Hill, MT Trial Lawyers. I haven't seen the amendments but it seems that what they are doing is stripping out that subsection 3. I don't know where **REP. ANDERSON.** . . . .

(CHAIRMAN HOLDEN interjected and said that there was another part of that amendment on page 1 of the bill, line 15 where "or the number of separate premiums paid" was stricken. Mr. Bart Campbell said technically what REP. ANDERSON'S amendments are is a motion to reject the House amendments and if this committee votes to reject the House amendments, he, Mr. Campbell, would come up with something like this. Rather than moving the amendments, technically it is a motion to reject the House amendments.)

Mr. Hill continued. Two points I would make is with the amendment with subsection 3 in the bill. The only time a policy holder or consumer would ever stack benefits is when a company charged duplicate premiums for the same element of loss or if you want to call it risk or exposure. There is nothing holy about the language. That is up to the insurance company. If they want to sell two policies that don't double the coverage, then yes you can stack. This says if you don't do that, or if you sell that second underinsured policy, but you don't charge full premium, you only charge for the additional risk, there is no stacking. It doesn't create stacking. So I don't know where if you had three policies and get nine recoveries or five policies and you get 25 recoveries, you are coming from. I am completely at a loss as to where that comes from. I do know that this amendment still doesn't invite stacking unless the insurance company charges twice for the same coverage.

Jacqueline Lenmark, American Insurance Association. I would respectfully disagree with the statement that there is nothing holy about the language. The insurance representatives that are here today opposing the House amendment are doing so on the basis of the language that was chosen. I think that there is an important distinction between element of loss and element of risk. If you think about the types of coverages and (mike was moved and lost one sentence). The subsection now contemplates and addresses all types of coverages: medical payment, liability, underinsured coverage and uninsured coverage, all four of those. You can conceivably, and you all have the ability to so, think up scenarios where various ones of those coverages will be called into play if there is an accident and a bodily injury. You may exhaust your med pay and you may exhaust your underinsured or uninsured coverage, but they are all going to the same loss--your bodily injury. So I think it is an important distinction and **REP. ANDERSON** well explained the problem when you have a number of vehicles that are insured and out on the road, you are multiplying the risk that the company is insuring especially when you have the ability to loan a vehicle to another driver. This is especially true when you have multiple vehicles and multiple drivers in a family, then you are multiplying the risk that is being insured. It is quite correct that insurance companies could charge more taking into consideration the fact that those policies might be stacked or those limits might be stacked. But then as **SEN. HOLDEN** pointed out, the premium for that exposure would be something, I feel, much of our population would not want to pay. I think that the other thing that the committee needs to consider is you may jeopardize the availability of underinsured motorist coverage because there is no mandate to sell that in Montana and I believe that is a valuable coverage for Montanans to be able to buy. We are mandated to purchase $25,000 as a minimum but accidents frequently involve damages in excess of that. I believe that policy holders want the ability to protect themselves in that way. If you make the underinsured so expensive that they can't afford it or that it is not reasonable to offer it, I think you are taking away a valuable opportunity from Montana consumers.

REP. DAN MCGEE asked **REP. ELLINGSON** to look on page 1, lines 27 through line 30 and see if this language is approximately what you have done on page 2? **REP. MCGEE** reads "A motor vehicle liability policy may also provide for other reasonable limitations, exclusions or reductions of coverage that are designed to prevent duplicate payments for the same element of loss . . . " and asked if that phrase tends to capture what it is that **REP. ELLINGSON** is trying to do on page 2? **REP. ELLINGSON** said yes it does. And what is on page 2 tries to parallel that exactly. If there aren't going to be duplicate payments there certainly shouldn't be duplicate premiums. **REP. MCGEE** said that lines 29 and 30 point to the stacking issue, correct? **REP. ELLINGSON** said yes. **REP. MCGEE** said that he was led to believe earlier that the phase "same element of loss" was not in the code and it certainly is.

REP. ELLINGSON reemphasized the point that **Mr. Hill** made. There is not going to be any stacking here unless a company charges twice for the same element of loss. He doesn't know what the problem is with the term because it does reflect what is on page 1. It is a company's choice under this amendment and under the bill as it is drafted right now if there is going to be stacking. If they don't want to stack it, they don't have to charge a duplicate premium. A lot is being made of how this is somehow going to allow stacking. Well, it is not going to allow stacking unless the company wants it. The point has been raised that this would raise the premiums. Worse case scenario, a person has three vehicles and there is one policy, one underinsured or one uninsured policy covering all three vehicles, it would cost three times or some portion of that you are already paying on your three separate vehicles. It is going to pull the premiums from those other vehicles and put it into one. He didn't see where that is any different than our current scenario in terms of the price.

CHAIRMAN HOLDEN requested **Greg Van Horssen** to respond. **CHAIRMAN HOLDEN** said **REP. ELLINGSON** is drawing a parallel between part 2 and part 3 and he wanted to know what **Mr. Van Horssen's** take is on this parallel?

Greg Van Horssen, State Farm Insurance. I think that what is critical here is the distinction between the language, duplicate payments for the same element of loss, as they exist in subsection 2, which was originally drafted to prevent, at least as intended, stacking and duplicate premiums for the same element of loss. This is a critical distinction. The language that exists in subsection 2 I believe was originally drafted in an effort to prevent stacking of policies, but our Supreme Court has, as everyone here in this committee knows, indicated that this type of language was not sufficient to prevent stacking at least of some coverages as we now know. The difference between what is in subsection 2 and the amendment that exists at the top of page 2 of the bill is that while in subsection 2 it allows companies to include language that would have prevented duplicate payments for certain elements of loss, subsection 3 prohibits a company from charging duplicate premiums for the same element of loss and I think as **REP. ELLINGSON** has already said, under certain circumstances that raises the concern that we would be able to stack all over again in spite of the language that exists previously in the bill.

CHAIRMAN HOLDEN said that what was basically stated is that the law on page 1 would prevent you from making duplicate payments and then on page 2 as the law was amended would read that you could . . . . do what?

Mr. Van Horssen replied that the law on page 1 of the document was the Legislative authority, if you will, to insurance companies, to allow clauses in various other types of language in the policy that was designed to prevent duplicate payments. I

represent to the committee and I hope that I am correct and will ask for concurrence from others here in the room that have been around the business longer than I have, that this was an attempt by the Legislature to allow companies to insert language that would have prohibited stacking in the first instance. The language on page 2 is completely different from my perspective. It says that an insurance company cannot charge duplicate premiums for the same element of loss and I submit that that is a standard; those are types of issues, same element of loss, duplicate premiums that have not yet been defined, if you will.

CHAIRMAN HOLDEN stated that when you, **Mr. Van Horssen**, say not yet defined, **REP. MCGEE** thought that element of loss was defined. **Mr. Van Horssen** said he would defer to his colleagues on this. The phrase, element of loss, as he understands it especially when it is tied to duplicate premiums, is yet to be defined in this state. **CHAIRMAN HOLDEN** said that what was meant was the state does not have Supreme Court ruling on it. **Mr. Van Horssen** said that he was not aware of a ruling.

REP. ANDERSON said that he would like to go back to a previous statement of **REP. ELLINGSON** when he was talking about three cars and the insurance company could charge three times one car. The way **REP. ANDERSON** figured, a person could not just do that and then recover on each one. The insurance companies could not do that because if a person has three cars and a charge of $100 for $25,000 policy on each car and two of these cars are in an accident and without your amendment he sees $200 and a person would recover $50,000. If you pay $300 and each gets $25,000 coverage you would then get to stack and recover on each one. With two accidents you pay $300 but recover $150,000. So it starts to skewer. **REP. ELLINGSON** said you have to look at how many policies you have. If you have one policy that covers you as an uninsured motorist and in assessing the premium on that, and you have three cars, they will assess that. Maybe it will be three times what you would have in three separate policies. But if you have one policy, you don't have any stacking. You go to your insurance agent and you say I want to be covered in these three vehicles and I want a policy that provides me for uninsured motorists for these three vehicles. They will write you a policy. In a worst case scenario, it would be three times what you are paying now for three separate policies but you are not paying a duplicate premium. It is the same element of loss but you have additional risks so it is going to be an additional premium. **REP. ANDERSON** concluded that they must agree to disagree. His example shows that if a person does it **REP. ELLINGSON'S** way, the person will end up having to pay more than what one would have to pay on each one of those vehicles.

REP. MCGEE said that when he first asked his question about the language on lines 27, 28, 29 and 30, he read that "duplicate payment" as what he is paying the insurance company, not what the insurance company is paying him because no place else in this text before you get to that word; therefore when he read it, he

thought it was already saying what **REP. ELLINGSON'S** statement is saying on the reverse side. So it wasn't until you folks continued your discussion that he realized that no, that has to do with what the insurance companies are going to pay out. And the language in lines 23-26, in the current law, states very clearly that these may not be added together to determine the limits of insurance. So he is at a loss as to why the Supreme Court has even ruled that you can stack, because it states very clearly here that that is not the intent. Now with what has been done to the bill, because the Supreme Court has ruled the way they have ruled, the bill before us tries to further define this issue of stacking and in so doing, we have tweaked all the words all over the place and made it a more cumbersome bill. On lines 29 and 30 it has been added "or to prevent the adding together, etc" which is already being said in lines 24 and 25; so we are reiterating what we are reiterating. All that he sees in **REP. ELLINGSON'S** language is saying: insurance company if you charge for a premium for something you will pay for that something. If you charge for multiple somethings, fine, you will pay for multiple somethings. And if you don't want to charge for multiple somethings, charge one premium. So he guesses that unless someone has another issue, he doesn't understand what the problem is.

{Tape: 1; Side: A; Approx. Time Count: 6:00 PM; Comments: N/A.}

SEN. BRUCE CRIPPEN said that two years ago there was a bill which you, **REP. MCGEE,** were also involved with, that had been made quite clear to the whole world the intent of the Legislature. But the courts looked at it and said, no, there is another provision in there. So they made a decision that was different from the intent of the Legislature. So the Legislature had to go back in and tweak it around. Sometimes the courts do those things. He feels that is somewhat the case in this instance.

REP. MCGEE agreed. Having said what he just said, he still fails to have a major heartburn over the language in the amendment. He has received many phone calls from his district telling him to strike the amendment. He still does not understand. He has many vehicles, pays high premiums and usually the vehicles are all out and about. So if his vehicles all had accidents at one time, and the underinsured or uninsured motorist policies would all kick in up to the limit, that would be fine. But if he is driving to Helena and there are no accidents and he has an accident, why can't he collect on that one accident from all his policies that he has been paying on? He feels that the insurance companies don't want to pay for that for which they have been taking the premiums for.

REP. ANDERSON said that when he had discussed this with you, **REP. MCGEE,** it seems that you had agreed that with four vehicles, you have $25,000 for underinsured on each one. And you thought it was fair if you were in an accident in one vehicle, you shouldn't be allowed to stack them and get $100,000. **REP. MCGEE** said that

is right if the damage to him is less than $25,000. What we hav here is people taking advantage of the system. That is what the insurance companies are arguing against. They don't want an attorney coming in a saying, hey, you have $100,000 available to you. That is what the insurance companies don't want said, so that is what we don't want to say, say it!! His concern here is that let us assume the damage to him is $100,000, but he is paying insurance premiums for $25,000 on each rig. Why in the world isn't that available to him. He has been paying the premiums dutifully for years and never had the accident and now he does. Now why can't he recoup on that if he has been paying the premium for it. He asked insurance people today if a person is paying the premiums for the element of loss, would they object to his stacking. They said, no. So he is assuming that the premiums that the insurance companies are charging him cover them for that element of loss. They do not operate in a vacuum and he doesn't believe that they operate at a loss. They operate at a profit; therefore, he is assuming that the insurance premiums that he is currently paying for cover that element of loss. If you talk to them, they say, no, that is not the case. But somehow they are doing the same thing as the electrical companies have been doing. They are robbing from Peter to pay Paul to keep the insurance rates down. Maybe that is the case.

REP. ANDERSON said that in using **REP. MCGEE'S** example he would like to know with 4 vehicles and two are in accidents, should you be able to recover $50,00 on each accident because you have $25,000 on each one? **REP. MCGEE** said that whatever it takes to take care of the person or issue. If it costs $50,000, and the person has been paying premiums on that element of loss, why aren't those elements of loss available to him. **REP. ANDERSON** said that is where the element of loss is different than the element of risk.

SEN. CRIPPEN said that if the committee followed **REP. MCGEE'S** logic, then there will always be a loss and in the example, that would be $400,000. Whether you have one vehicle or you have four--it will be $400,000 because you are allowing them, the consumer, to stack. So even though you have $100,000 policy on vehicle A, vehicle B, vehicle C and vehicle D, and you have an accident, because of the stacking in these coverages, you should have an exposure of $400,000. And you are going to have $400,000 if you have all four. If all four are involved in an accident, how much would be a risk? **REP. MCGEE** asked how much is the premium? If he is paying the premium, he only wants to pay for what he gets coverage for. He sees what **SEN. CRIPPEN** is saying. That is, the insurance company says you have four vehicles, you need to pay a higher premium to cover the potential element of risk of $400,000 for each occurrence. Then what he is saying is the insurance policies are being written incorrectly or that they are not clear to the extent that all you are entitled to is $100,000. **SEN. CRIPPEN** says that is what this bill does.

SEN. HALLIGAN said again that the public doesn't understand that it is not getting that coverage. Probably 99% of the people think that they pay separate premiums and they get separate underinsured and uninsured, etc.

SEN. CRIPPEN says that is another matter. This committee is talking about what should be done as a matter of law because the insurance company is stepping in and they have to be treated as a matter of law. The Legislature's responsibility is to set the parameters as to liability and as to amounts of liability. It is contracted. That is the way it is done. The Legislature is dealing in liability.

CHAIRMAN HOLDEN said that in 1981 when the Legislature set the law, they said they did not want to stack liability and uninsured motorist coverage. Page 1, line 13 shows that. The Legislature specifically said: let us not stack liability coverage on uninsured motorist coverage. This committee is talking about underinsured motorist coverage. What happened was the Supreme Court had to make a ruling: do we or do we not stack underinsured motorist coverage? That was the question. The Supreme Court said: well, you haven't actually addressed it in the law so we are going to allow plaintiff attorneys that file actions under underinsured motorist coverage to stack. This happened last summer and before that time the insurance industry never had rates charged to policy holders to take into account this $400,000 liability limit that has just been discussed. But if this Legislature does not address that and we allow that to go unanswered, then we are sending a signal out that you, insurance carriers, now must raise your premiums to take into account this $400,000 exposure that your client now has. That is why he brought the bill to the Legislature this time. He does not think Montanans can afford these rates as they continually go up. When a person has been paying for years for a premium on a limit and they want to be able to collect if they are in an accident. But what they have been paying a dollar amount on is $100,000 in the example. They have been paying over the years a premium commensurate with $100,000 worth of coverage. But if we adjourn without addressing this here in the next couple of weeks, they will now start paying a premium commensurate with $400,000.

{Tape: 1; Side: B; Approx. Time Count: 6:13 PM; Comments: LOST ONE SENTENCE OF CHAIRMAN HOLDEN'S COMMENTS.}

REP. MCGEE said that to make things clear, it is not his intent to provide for stacking where there has not been the proper amount of remuneration for that. If he has been paying the premiums on insurance policies, he then assumes that when he pays $25 a month for uninsured motorist coverage he has $100,000 sitting out there if he ever needs it. The fact that he has paid four of those, it indicates to him that he is paying for four $100,000 policies should he need it. If they haven't assigned the proper value for the element of loss or risk or whatever, he

doesn't know why he should be so concerned about their loss. It wasn't a negotiated settlement, it was their calculations.

CHAIRMAN HOLDEN stated that the companies do take into account the laws on the books and the payments that are necessary. What he is saying is last summer this all came to a head. The insurance carriers are going to now start taking that into consideration unless the Legislature addresses it.

SEN. CRIPPEN set up an example. There are four cars on the same policy. Each has underinsured motorist coverage on each one and there is a premium charged for each one. Compare it to a life insurance policy. There is a family that buys a policy that insures the man, wife, and four children. The man, wife and all four children each have a $100,000 policy. In determining the premium, the company will break down the cost because there are different determining factors: a life expectancy for one will be different for another. Assume child A dies; will the family receive $100,000 or $500,000? **REP. MCGEE** answered $100,000. **SEN. CRIPPEN** asked why? **REP. MCGEE** said that was the limit on that one individual. **SEN. CRIPPEN** replied exactly, and that is what he is saying concerning the vehicles--it is the limit on the car. A person pays the premium for that limit on that particular car.

REP. MCGEE asked: he has four cars and only one underinsured motorist coverage and it is on the Ford. He is out driving the Chevy and he has an accident. So the underinsured kicks in. Is he going to get paid or not? The more appropriate life insurance correlation would be if you had four different life insurance policies that one would pay premiums on and then child A dies, one would get four policy settlements.

SEN. CRIPPEN said you mean four insurance policies on the same child. **REP. MCGEE** said yes. That is what it is like. **SEN. CRIPPEN** said yes and no. Because on one hand you have four premiums and the other example you have only one policy. You can have one premium for the entire policy and not break it down. Most companies don't do that.

REP. MCGEE understands what is being said, but here is his thought about this. There are two things that need to be done. One is we need to say that if a person is only making one premium payment for underinsured or uninsured motorist coverage, there is only one object that is subject to suit or whatever. The liability is limited to one instance in this case. And whatever they have to charge to do that is okay. If on the other hand, he takes the risk and he has employees, teenagers, etc., he'd better have this on all the vehicles, and he pays for all that, he should be able to collect on all four policies. But the problem here is that what is thrown out with the bath water here is the baby. And the baby in this case needs to be that there is an ethical standard. It only costs me $12,000 to get it fixed, why charge $400,000. And of course, the Legislature can't correct

all that because someone is going to be out there trying to do that.

{Tape: 1; Side: B; Approx. Time Count: 6:18 PM; Comments: N/A.}

CHAIRMAN HOLDEN states that if the committee sticks with the **ELLINGSON** amendment, on page 2, they don't have a Supreme Court ruling on this new language. All of the other part of the bill that he had submitted on page 1 was worked out in light of the Supreme Court ruling. If the committee does not stick with what they have told us to do, the state is going to be back in the courts trying to determine what the **ELLINGSON** amendment does and what constructive trial attorneys could make that out to be.

Mr. Campbell said that for clarification, the amendments that **REP. ANDERSON** proposed are technically rejecting the House amendments. So the motion was made to accept the amendments of **REP. ANDERSON** and in so doing they would reject and replace the House amendments.

REP. MCGEE said that before the question was taken he would like to ask if there is a way to accomplish what it is that he is trying to say is possible?

CHAIRMAN HOLDEN said that with the passage of the bill, your intent is being accomplished but you are not aware of it. He says this because if you want a premium commensurate with that policy limit, you want to pass the bill out like this. But if you want a policy limit higher than what we have been basing our actuary tables on, the companies will have to go in and increase rates to take in that added risk.

SEN. CRIPPEN felt that the **CHAIRMAN** was correct but he felt that **REP. MCGEE** wants something more positive from the insurance companies. Your concern here is that the people do not understand what is going on. Insurance companies oft times, when they send out premium notices, will flag if the premiums are going up, for instance, in the State of Montana. He felt that if this bill passes in its original form without the House amendment, the insurance companies will come along and make it quite clear what one is paying for. They want to avoid this problem in the future just as much as the Legislature wants to. He couldn't actually speak for the companies, but he used to be involved with them and he knows that that is exactly what he would do as an underwriter.

REP. ELLINGSON said that is exactly the point of the House amendment. We would achieve clarity in terms of the intent of the insurance companies and clarity on the part of the consumers in knowing what they are purchasing. If the insurance companies want the consumers to be able to stack, they will sell or charge them additional premiums.

CHAIRMAN HOLDEN called for a roll call vote on **REP. ANDERSON'S** motion to accept his amendments.

REP. MCGEE inserted that his intent is not in trying to create an increase in premiums on the part of insurance companies. That is not his goal. He is looking for equity.

CHAIRMAN HOLDEN said that to close on that idea, if you as a policy holder wants the $400,000 or a higher limit, get an umbrella policy.

SEN. CRIPPEN said that damages have to be proved. Damages and coverages do not go hand in hand. They are two separate things. As the way it is now, if this bill is not passed, they will go right there together.

CHAIRMAN HOLDEN explains that a yes vote would remove the House amendments to the bill.

THE MOTION TO ACCEPT REP. SHEILL ANDERSON'S AMENDMENTS CARRIED with SENATOR HALLIGAN and REP. JON ELLINGSON voting NO: 4-2

EXHIBIT NO. 1
DATE 4-15-97
BILL NO. SB 44

Amendments to Senate Bill No. 44
Reference Reading Copy

Requested by Representative Anderson
For the Conference Committee

Prepared by Bart Campbell
April 16, 1997

1. Page 1, line 14.
Strike: "OR"
Insert: ","

2. Page 1, line 15.
Following: "~~paid~~"
Insert: ", or the number of separate premiums paid"

3. Page 2, lines 1 through 3.
Strike: subsection (3) in its entirety
Renumber: subsequent subsection

ROLL CALL VOTE

FREE CONFERENCE or CONFERENCE COMMITTEE

ON BILL NO. SB 44

DATE 4-15-97 TIME 5:25 A.M. (P.M.)

NAME	YES	NO
Sen. Ric Holden	X	
Sen. Bruce Crippen	X	
Sen. Mike Halligan		X
Rep. Sheill Anderson	X	
Rep. Dan McGee	X	
Rep. Jon Ellingson		X

Mary Lou Wells
SECRETARY

Senator Ric Holden
CHAIR

MOTION: Rep. Sheill Anderson proposed and amendment, 810824CC.STS, that would strike the House amendment from SB 44.

CCRCVOTE.F19

CONFERENCE COMMITTEE

on Senate Bill 44
Report No. 1, April 16, 1997

Mr. President and Mr. Speaker:

We, your Conference Committee on Senate Bill 44, met and considered the amendments on the House Standing Committee report dated March 14, 1997.

We recommend that Senate Bill 44 (reference copy - salmon) be amended as follows:

1. Page 1, line 14.
Strike: "OR"
Insert: ","

2. Page 1, line 15.
Following: "~~paid~~"
Insert: ", or the number of separate premiums paid"

3. Page 2, lines 1 through 3.
Strike: subsection (3) in its entirety
Renumber: subsequent subsection

And that this Conference Committee report be adopted.

For the Senate:

Senator Ric Holden, Chair

Senator Mike Halligan

Senator Bruce Crippen

Amd. Coord.

Sec. of Senate

For the House:

Rep. Shiell Anderson, Chair

Rep. Jon Ellingson

Rep. Dan McGee

ADOPT

REJECT

810824CC.STS

MINUTES

MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION

CONFERENCE COMMITTEE ON SENATE BILL 044

Call to Order: By **CHAIRMAN RIC HOLDEN**, on April 17, 1997, at 2:00 P.M., in ROOM 410.

ROLL CALL

Members Present:
Sen. Ric Holden (R)
Sen. Bruce D. Crippen (R)
Sen. Mike Halligan (D)
Rep. Shiell Anderson (R)
Rep. Jon Ellingson (D)
Rep. Daniel W. McGee (R)

Members Excused: None

Members Absent: None

Staff Present: Bart Campbell, Legislative Services Division
Mary Gay Wells, Committee Secretary

{Tape: 1; Side: A; Approx. Time Count: 2:04 PM; Comments: N/A.}

HEARING ON SB 44

Discussion and Questions From Committee Members and Responses:

CHAIRMAN RIC HOLDEN opened the Free Conference Committee on SB 44. The President of the Senate had asked the Chairman to get a Free Conference Committee together and address the issue and work on this due to time limitations of the Legislature. The President wanted the Committee to go over the House rejection of the amendments.

Mr. Bart Campbell said that there were four different proposed amendments.

CHAIRMAN HOLDEN numbered the amendments as follows: **(EXHIBIT 1)** is **REP. JON ELLINGSON'S** amendment. **(EXHIBIT 2)** is **sb004408.abc. (EXHIBIT 3)** is **sb004407.abc. (EXHIBIT 4)** is **REP. SHEILL ANDERSON'S** amendment. He then asked **REP. DAN MCGEE** to recapture the House Floor discussions that rejected the previous Conference Committee amendments.

REP. DAN MCGEE said that he wasn't there for the entire debate because he had to go to the Governor's office. His expression on the House Floor was that he would very much like to have a policy reflect what a person is in fact getting. He didn't care whether they were stacking or not stacking. He didn't care whether there was one premium or four premiums. All he was concerned about is that if he is paying premiums he needs to know what he is paying premiums for and what he receives if an accident occurs.

CHAIRMAN HOLDEN asked if one of these four amendments was drafted by him? **REP. MCGEE** said no.

Mr. Campbell explained that **(EXHIBIT 2)** came about after some discussions with both **REP. MCGEE AND REP. ANDERSON** and **John McMasters** who had staffed the committee that heard the bill. It was his attempt to combine all these concerns. **(EXHIBIT 3)** is the same but with one less sentence. Both amendments were requested by **REP. ANDERSON. Mr. Campbell** first spoke on **(EXHIBIT 3)**. It keeps the original House amendments on page 1 lines 14 and 15. On page 2, lines 1 through 3, Subsection 3 is stricken and "A company shall clearly inform the insured that the insured is not entitled to add together insurance coverage limits in one policy or from more than one policy when the policy or policies are issued by one company" is inserted. This somewhat reflects the language on page 1, subsection 2, lines 29 and 30 where it talks about "to prevent the adding together of insurance coverage limits in one policy or from more than one policy issued by the same company". He then spoke on **(EXHIBIT 2)** and said that it adds a second sentence that addressed **REP. MCGEE'S** concerns about double payments. It states "Premiums that are subject to this section charged by a company must reflect the fact the coverages may not be added together". This, in effect, is saying that if people can't stack, that should affect the premium that is being paid.

REP. MCGEE said that he liked the beginning and what he is hearing is that it says that there will be no stacking and he is not so sure there shouldn't be stacking. He said he would like to work on some language that would address this more specifically.

REP. JON ELLINGSON explained his amendment. He first read the amendment. He said that if a person gets another policy for the second vehicle and the person pays underinsured and uninsured coverage for it, the person will not get anything additional for that. The amendment doesn't address one of **REP. MCGEE'S** concerns and that is if people do pay an additional premium they should be able to stack. That is a concept that he was not sure what his thoughts would be. But the purpose of this amendment is that, as the tenor of the House voiced, people ought to get what they think they are getting and they ought to be informed of what they are getting and shouldn't pay for things that they aren't getting.

CHAIRMAN HOLDEN asked if this is a notice provision that is being recommended? **REP. ELLINGSON** said that the way it has been drafted is that the policy would state that fact. How it is listed in the policy is not of great concern.

REP. SHEILL ANDERSON explained his proposed amendment **(EXHIBIT 4).** It is a notice that would be required of the insurance companies. This actually came from the insurance folks and the attempt of all these is the cover the same thing. He asked if someone else could explain this one.

Greg Van Horssen, State Farm Insurance. The amendment which has been numbered **(EXHIBIT 4)** is simply a response to what he believed he heard on the House Floor during the debate on SB 44. They understood that there was some real concern about the insured folks having noticed that, by passage of SB 44, stacking would no longer be allowed. Folks in State Farm, AIA, and others have put this notice together to meet some of those concerns via the amendment.

CHAIRMAN HOLDEN asked if this would be distributed as a notice with the premium renewals? **Mr. Van Horssen** said yes, that is correct and with the issuance of any new policy.

REP. ELLINGSON commented on this. He felt that it deals with part of the problem but not all of it. It does provide notice that the coverages will not be stacked. And that is a step in the right direction. But it doesn't deal with the situation where he is concerned and that is where consumers are paying more premiums than they have to pay. Here multiple coverages can't be added together. The question is why if there are multiple coverages and if they can't be added together then why is a person paying a multiple premium. You would be a fool if you have four vehicles to have four uninsured coverages when one is going to do the covering.

SEN. BRUCE CRIPPEN commented on the amendments. He reiterates again that when a policy is set out it reflects that when a person pays for vehicle A, vehicle B, etc. they are paying for that particular coverage dealing with that particular vehicle for that particular period of time. A person can get a commercial policy and have more than one building on the policy. It will have one premium for the whole thing but the underwriters break it down. Or they will list a specific premium for a specific piece of property. Although, albeit, it is all in one policy. Those are common types of policies when you are dealing with commercial buildings. You may have one unit like Rimrock Mall. This consists of several buildings. You don't have a policy usually on each building. If one of those buildings burn down and you have paid the premium, that doesn't mean you get the total coverage for the other buildings as well. The same thing is true if you have a liability policy added to it. He continues with several different types of examples. If a person wants more coverage there are umbrella type policies. The main point here

is to have people be truly aware of what they are paying for and what they will be receiving. Also, if it is not clear, trial lawyers look for what they can get away with. He feels that much of this has been brought about by them. There must be clear language either in a notice, in the body or when the premium notice comes out because that is when people look closely.

CHAIRMAN HOLDEN said that **(EXHIBIT 3)** indicates the House is concerned about some notice provisions be included.

SEN. CRIPPEN said that it needs to be kept in mind that the burden is being put on the insurer to give notice. This isn't new for State Farm because they deal in every state. They might be able to tell the committee what they do for different situations in different states.

Mr. Van Horssen stated that the reason they are in attendance is because of the stacking issue. He believed that at one point in time the insurer thought that the language was sufficient in the body of the document so as to put folks on notice that you can't stack your coverage limits. As it relates to this amendment and the concept that is floating around, he would suggest that it would be far more efficient to give the consumer that type of notice in a policy renewal document, on the declaration page, instead of having to go back and retool a nation-wide policy to fit a change in the law in Montana.

SEN. CRIPPEN said that was not quite the question. What he was talking about is the notice and which one of these amendments better reflect what State Farm would have in the body of their policy and still give the notice to the insured about their coverage.

Mr. Van Horssen stated that of the amendments that are in front of him, **(EXHIBIT 4) OR (EXHIBIT 3)** would best fit the concern that has been raised and the insurers' notice obligations based upon that concern.

REP. ELLINGSON said that he had spoken with his insurance agents. He has seen language concerning underinsured and uninsured motorists and there has been debate about what the language of the coverage might mean. He understands that if a person has three vehicles and the person purchases uninsured motorist coverage and it is pertinent to one vehicle, the other two vehicles are covered as well. **Mr. Ron Ashabraner,** said that is a correct assessment. **REP. ELLINGSON** said that his insurance agent sold him the coverage on the second and third vehicle, but it really wasn't necessary. So his next question is if the insurance companies are not going to stack the policies, what is a person getting for the premiums being paid on the second and third vehicles. **Mr. Ron Ashabraner** said that what you are about to get is 300% increase on your three cars. In other words, with the stacking as it is taking place right now. . . . **REP. ELLINGSON** interrupted and asked again what he would be getting

for the extra premiums. If one covered vehicle covers all three, why would he want to pay premiums for the other two vehicles.

Mr. Ashabraner's response was not clear on the tape.

REP. ELLINGSON said that the previous response really puts the finger on the concern. If the consumer is not getting something else for that second and third coverage, they should be made aware of that and **(EXHIBIT 3 AND EXHIBIT 4)** do not go far enough. He would like to go with **(EXHIBIT 2)** which talks about the fact that the "premiums are subject to this section charged by a company must reflect the fact that coverages may not be added together". This is what gets to the concern that was at the heart of the concern of the House.

REP. MCGEE said that he would like to offer a possible amendment. He reads the amendment.

{Tape: 1; Side: A; Approx. Time Count: 2:26 PM; Comments: N/A.}

CHAIRMAN HOLDEN felt that conceptually this might be workable. He then suggested that **Jacqueline Lenmark** work with **REP. MCGEE** and come up with workable language.

Jacqueline Lenmark said that as she listened to the reading it sounded like very good language and the question that she would raise is at the part talking about "coverage from policy to policy" that the committee may want to allow the company to clearly state that there may not be a coverage transfer from vehicle to vehicle. Sometimes a person has several vehicles or several insureds covered under one policy.

{Tape: 1; Side: A; Approx. Time Count: 2:39 PM; Comments: AN 11 MINUTE RECESS WAS TAKEN TO ALLOW A NEW AMENDMENT TO BE WRITTEN.}

CHAIRMAN HOLDEN brings the committee back to order. An amendment has been proposed **(EXHIBIT 5)** and it is essentially similar in structure to **(EXHIBIT 3)** with the exception that part three of that amendment would be rewritten with **(EXHIBIT 5).**

Mr. Campbell reads the proposed amendment insert. "An insurer that charges a premium for a specified coverage, must clearly inform and notify the insured of the limits of the coverage with respect to the premium charged, and whether or not the coverage from one policy or motor vehicle is transferrable to another motor vehicle or policy".

SEN. CRIPPEN questioned the words whether or not. Whether means both. So it was decided to strike "or not".

Ms. Lenmark agreed about the words "whether or not". The only other word that she would suggest is the word "transferrable" because what is really being talked about is the adding of coverages and that is the language that is used in the statute.

So when you get to the end she suggested that it read "whether the coverage from one policy or motor vehicle may not be added to the coverage of another policy or motor vehicle". **Mr. Campbell** suggested the word "not" being stricken. The suggestion was accepted.

REP. ANDERSON asked if it would be clearer if language said "the amount of recovery for one incident". It was decided that this language would not be clear enough.

REP. MCGEE said that he would like to see "inform or notify". This was agreeable.

CHAIRMAN HOLDEN said that **(EXHIBIT 3)** with the insert of **(EXHIBIT 5)** seemed to be the consensus of the committee. He then asked **Mr. Campbell** to read the entire **(EXHIBIT 5)** again with the new wording. It was then read. "An insurer that charges a premium for a specified coverage, shall clearly inform or notify the insured of the limits of the coverage with respect to the premium charged and whether the coverage from one policy or motor vehicle may be added to the coverage of another policy or motor vehicle".

REP. MCGEE MOVED (EXHIBIT 3) WITH THE REWRITTEN INSERTION OF (EXHIBIT 5) ON PAGE 2, LINES 1 THROUGH 3.

SEN. MIKE HALLIGAN requested the possibility of "in writing" be added. He felt that even if this were covered under another statute it would be good to have this language inserted. This was accepted by the committee. This was also agreeable to the insurance companies as this is normally the way they would do it anyway.

REP. MCGEE MOVED TO ADD "IN WRITING" TO THE AMENDMENT (EXHIBIT 5).

REP. MCGEE showed **Russell Hill, MT Trial Lawyers Assoc.** a copy of the insertion. **Mr. Hill** felt the language sounded good to him.

THE MOTION TO ACCEPT THE AMENDMENT (EXHIBIT 3) WITH THE REWRITTEN INSERTION OF (EXHIBIT 5) AND THE ADDED WORDING OF "IN WRITING" CARRIED UNANIMOUSLY: 6-0

INSOFAR AS UNINSURED OR UNDERINSURED COVERAGE IS CONCERNED:

IF THE POLICY COVERS THE NAMED INSURED(S) REGARDLESS OF WHETHER THE NAMED INSURED IS DRIVING THE VEHICLE LISTED IN THE POLICY, THE POLICY SHALL STATE ~~THAT~~ FACT IN UNAMBIGUOUS LANGUAGE AND SHALL ADVISE THE INSURED ~~THAT~~ HE/SHE WILL OBTAIN NO FURTHER BENEFIT FOR THE PURCHASE OF ADDITIONAL UN/UNDERINSURED COVERAGE FROM THE SAME INSURER.

EXHIBIT NO. 1
DATE 4-17-97
BILL NO. SB 44

EXHIBIT NO. 2
DATE 4-17-97
BILL NO. SB 44

Amendments to Senate Bill No. 44
Reference Reading Copy

For the Conference Committee

Prepared by Bart Campbell
April 17, 1997

1. Page 1, line 14.
Strike: "OR"
Insert: ","

2. Page 1, line 15.
Following: "~~paid~~"
Insert: ", or the number of separate premiums paid"

3. Page 2, lines 1 through 3.
Strike: "REGARDLESS" on line 1 through "LOSS" on line 3
Insert: "A company shall clearly inform the insured that the insured is not entitled to add together insurance coverage limits in one policy or from more than one policy when the policy or policies are issued by one company. Premiums that are subject to this section charged by a company must reflect the fact that coverages may not be added together."

Amendments to Senate Bill No. 44
Reference Reading Copy

EXHIBIT NO. 3
DATE 4-17-97
BILL NO. SB 44

Requested by Representative Anderson
For the Conference Committee

Prepared by Bart Campbell
April 17, 1997

1. Page 1, line 14.
Strike: "OR"
Insert: ","

2. Page 1, line 15.
Following: "~~paid~~"
Insert: ", or the number of separate premiums paid"

3. Page 2, lines 1 through 3.
Strike: "REGARDLESS" on line 1 through "LOSS" on line 3
Insert: "A company shall clearly inform the insured that the insured is not entitled to add together insurance coverage limits in one policy or from more than one policy when the policy or policies are issued by one company"

insert #5

updated

~~sb0044407.abc~~

AMENDMENT TO SB44

REFERENCE COPY

EXHIBIT NO. 4
DATE 4-17-97
BILL NO. SB44

(5) **Notice Requirement.** Each insurer that includes limitations, exclusions, or reductions of coverage permitted under this section in its motor vehicle policies shall provide notice to its named insured that the limits of multiple coverages provided by one or more policies will not be added together to determine the total amount of coverage available.

EXHIBIT NO. 5
DATE 4-17-97
BILL NO. SB 44

A insurer ~~company~~ ~~that~~ charges a premium for a specified coverage, must clearly inform ~~and~~ or notify in writing the ~~policy holder~~ (insured) of the limits of the coverage with respect to the premium charged, ~~and~~ ~~that~~ the coverage from one policy or motor vehicle may ~~not~~ be ~~transferable~~ added to coverage of another motor vehicle or policy.

ROLL CALL VOTE

FREE CONFERENCE or CONFERENCE COMMITTEE

ON BILL NO. SB 44

DATE 4-17-97 TIME 2: A.M. (P.M.)

NAME	YES	NO
Sen. Ric Holden	X	
Sen Bruce Crippen	X	
Sen Mike Halligan	X	
Rep Sheill Anderson	X	
Rep Dan McGee	X	
Rep. Jon Ellingson	X	

Mary Gay Wells
SECRETARY

Sen. Ric
CHAIR

MOTION: Rep Dan McGee moved to accept #1 & #2 of Exhibit 3 with the rewritten insertion of Exhibit 5.

CCRCVOTE.F19

FREE CONFERENCE COMMITTEE

on Senate Bill 44
Report No. 2, April 17, 1997

Mr. President and Mr. Speaker:

We, your Conference Committee on Senate Bill 44, met and considered the Conference Committee Report No. 1 amendments to Senate Bill 44 dated April 16, 1997.

We recommend that Senate Bill 44 (reference copy - salmon) be amended as follows:

1. Page 1, line 14.
Strike: "OR"
Insert: ","

2. Page 1, line 15.
Following: "~~paid~~"
Insert: ", or the number of separate premiums paid"

3. Page 2, lines 1 through 3.
Strike: "REGARDLESS" on line 1 through "LOSS" on line 3
Insert: "An insurer that charges a premium for a specified coverage shall clearly inform or notify the insured in writing of the limits of the coverage with respect to the premium charged and whether the coverage from one policy or motor vehicle may be added to the coverage of another policy or motor vehicle"

And that this Conference Committee report be adopted.

For the Senate:

Senator Ric Holden, Chair

Senator Mike Halligan

Senator Bruce Crippen

Amd. Coord.

Sec. of Senate

For the House:

Rep. Shiell Anderson, Chair

Rep. Jon Ellingson

Rep. Dan McGee

ADOPT

REJECT

821550CC.SRF